JANUARY 1960 / 50 CENTS

AMERICAN BUSINESS

BETTER MANAGEMENT THROUGH OFFICE IMPROVEMENT

Don't Be Afraid of Computers page 6

Sales Incentive Plan Stimulates Growth page 10

How to 'Go Outside' to Get Executives page 17

Flexibility: New Goal in Office Layout page 34

A BARTHELL PUBLICATION

Attn: Stevens Rice, Ed. Dir. 404
University Microfilms, Inc. A-c 12-59
313 N. First St. R-62901
Ann Arbor, Mich.

TEACHING BY TV

Bell System facilities meet a new need. Already a vital link in filling educators' requirements within a locality, state or across the nation

HELPING TO TEACH . . . HELPING TO LEARN. Classroom scene in Cortland, N. Y. This is one of the schools now using Educational TV. More than one TV receiver can be used where teachers wish to accommodate larger classes at one sitting.

An interesting current development in education is the use of television for instruction—both in classrooms and in the home.

Evidence that a shortage of qualified teachers is developing coincides with the need for some way to meet the awakened interest in mathematics, physics, chemistry, and education in general—from the elementary school to the college level.

Many educators, in studying the twin problem, are thinking more and more about the possibilities of Educational TV in their teaching programs.

In transmitting TV lessons and lectures from place to place, various means are available. Closed circuit Educational TV systems between schools may be required. Or connection between broadcasting stations in different cities. Or a hook-up between closed circuit systems and one or more broadcasting stations.

Whatever distribution of TV is needed, in city, county, state, or across the country, the Bell Telephone Companies are equipped to provide it. They have the facilities and years of know-how. And the on-the-spot manpower to insure efficient, dependable service.

For over three years, the local Bell Telephone Company has provided the closed circuit ETV network which successfully serves thirty-six schools in Washington County, Maryland.

In Louisville, Kentucky, telephone company facilities now connect five elementary schools. In New York State, they serve a high school and seven other schools in the Cortland area.

In San Jose, California, they link four schools with the campus of San Jose State College. And in Anaheim, California, eighteen schools are served by TV.

The largest of the many current educational TV projects is called Continental Classroom. The Bell System is one of the business organizations which support it.

In this great "classroom," about half a million people get up early each weekday to view a half-hour lecture on Modern Chemistry on their TV sets at 6:30 A.M. This 32-week college course goes from coast to coast over Bell System lines.

The Bell Telephone Companies believe their TV transmission facilities and know-how can assist educators who are exploring the potential value of educational television.

They welcome opportunities to work with those interested in this promising new development.

BELL TELEPHONE SYSTEM

VOLUME 30 / NUMBER 1

AMERICAN BUSINESS

THE MAGAZINE FOR PROFIT-MINDED EXECUTIVES
Registered U. S. Patent Office

JANUARY 1960

FEATURES

DON'T BE AFRAID OF ELECTRONIC COMPUTERS BY CLAUDE D. BROWN 6
A chief accountant tells how his company, which employs 300 persons and does $5 million annual business, efficiently and economically utilizes an electronic computer system.

SALES COMPENSATION PLAN PAYS OFF BY J. M. KUHN 10
A workable compensation plan enables General Binding Corporation to reward its branch managers in proportion to their profit contribution rather than their sales volume.

PAVING THE ROAD TO RETIREMENT BY JOHN S. SLOAN 13
This 20-point program of preretirement planning can be the key to the "golden years" that today's workers seek.

HOW TO "GO OUTSIDE" TO GET EXECUTIVES BY EDWARD A. RAISBECK, JR. 17
The chances are seven out of ten that your company will fill a top position from "outside" in the next two years. Here are some effective methods.

WAKE UP THE "RIP VAN WINKLES" IN YOUR LINE BY DOUGLAS P. GOULD 21
Your company's product line may contain several "Rip van Winkles"—items that have been asleep for years—which can be awakened by one or more of these 10 concrete steps.

HOW TO KEEP ENGINEERS HAPPY BY D. R. LESTER 24
Surveys indicate that engineers are one of the most dissatisfied groups in industry. The solution lies in job definition and adequate reward.

HOW TO DETECT THE ALCOHOLIC'S EIGHT STAGES BY C. A. D'ALONZO, M.D. 28
Alcoholism is a great economic loss to American business. But the employer who recognizes its eight stages can help his employees and his firm.

EDP SYSTEM HANDLES EXPENSES, PAYROLL BY BURTON R. SAX 32
This versatile system saves $70,000 a year for Vim Electric Company.

AVERAGE BUSINESS LETTER COSTS $1.83 IN 1960 BY EDWARD M. RYAN 33
The latest Dartnell survey analyzes rising business letter costs.

FLEXIBILITY: NEW GOAL IN OFFICE LAYOUT BY J. ALLAN RHEA 34
Flexibility becomes more important as the rapidly expanding white-collar work force places greater demand on office space.

NEW SCALE CHARTS REQUIRED BY ARTHUR SANDERS 37
The February 1 rate increase provides a good time to check postage scales.

WRITE LETTERS THAT GET ACTION! BY JOHN A. BROWN 38
Here are some aids to make your business letters really effective.

1959 INDEX TO "AMERICAN BUSINESS" 40

DEPARTMENTS

2 EDITOR'S CORNER
4 LETTERS TO THE EDITOR
43 NEW EQUIPMENT
45 HELPFUL FREE LITERATURE
46 BOOKS FOR EXECUTIVES
48 EDITORIALS

A Dartnell Publication

THE EDITOR'S CORNER

LATE in the 1940's this magazine began alerting its readers to the approaching "industrial revolution in the office" to be engineered by equipment—much of it electronic—that would be able to produce, process, transmit, and "remember" hitherto unavailable management data. AMERICAN BUSINESS reported that this information, its form and freshness, could create important opportunities for *top* management in improved control and decision-making.

It took no great powers of prophecy to predict this office revolution, but it is nonetheless comforting that it did come to pass.

"Don't Be Afraid of Computers," an article that begins on page 6 of this issue, unmistakably confirms the forecasts of a decade ago. As you will read, a company with 300 employees and $5 million annual sales is utilizing an electronic computer and related input-output equipment. The company converted to electronic data processing without chaos, without hiring a single outside specialist, and without costly and dusty alterations to its office.

You will find more and more articles like "Don't Be Afraid of Computers" in AMERICAN BUSINESS as the months and years roll by.

While there will be an increasing specialization in this field, it should not suggest that we seek to herald the advent of "automated management" or the "pushbutton office." In the first place, none of us on the staff here have ever met anybody who knows what "management automation" means—if indeed it is anything more than a cliche or adman's semantics.

The phrase conjures a mental image of a Rube Goldberg illustration in which batteries of blinking and clattering machines, attended by a large-domed clerk on roller skates, grind out miles of tape—to be thrown in a ticker-tape parade should the Nation find another hero or win another war.

Automation Like "Hi-fi"

"Office automation" is akin to "hi-fi"—a phrase calculated to win knowing and approving glances from people who don't have the slightest idea whether or not the words mean anything.

Obviously, this is not to demean the really significant developments in business machines and other office equipment. From the number of factory models—in contrast to laboratory prototypes—I saw in actual operation at the first Business Equipment Exposition in Washington last fall, it is plain that the day of the highly reliable, low-cost electronic business machine has definitely dawned.

Machine Is the Slave

Our intensified coverage of this field does not mean a preoccupation with *machines*. The speed and productivity of these new machines can whet their users into a hunger for reports for reports' sake. Not surprisingly, there is a passage from Thoreau warning of such dangers: "All machines have their friction; and possibly do enough good to counterbalance their evil . . . But when friction comes to have its own machine . . . I say let us not have such a machine any longer." He was writing of slavery; automated machines have been likened to slaves.

You will read in AMERICAN BUSINESS an increasing number of articles reporting in depth and detail how business machines and office systems have been harnessed to problems that worry the principal officers of a company, such as those described in this month's lead article. In many cases the final product will not be more reports but *fewer* reports.

Renting a computer is akin to hiring a high-grade moron: It has to be told in very specific language every step of what it is you want it to do. The last 10 years produced the refined equipment. The next 10 will be devoted to finding and refining ways to use it. It is on this reader need that AMERICAN BUSINESS will concentrate its editorial energies in the 1960's.

Best wishes for 1960 and all the other sixties!

Charles F. Johnson

AMERICAN BUSINESS

Founded in 1930 by John Cameron Aspley and combined in 1935 with "System" magazine, founded in 1900. Published on the first of each month by Dartnell Publications, Inc., a subsidiary of The Dartnell Corporation.

EDITOR
Charles F. Johnson

MANAGING EDITOR
J. Allan Rhea

CONTRIBUTING EDITORS
Marilyn French, *Women in Business*
Robert B. Ross, *Marketing and Sales*
Edward M. Ryan, *Personnel Relations and Executive Development*
Christopher M. Weld, *Office Management and General Administration*

Production Manager, Stanley C. Kolba
Circulation Manager, E. L. Wernicke
Advertising Manager, Gilbert H. Tansey

EDITORIAL AND ADVERTISING OFFICES
Dartnell Building
4660 Ravenswood Ave.
Chicago 40, Ill.
LOngbeach 1-4000

Member of the Audit Bureau of Circulations

OTHER ADVERTISING OFFICES
New York Telephone: Enterprise 6245
Los Angeles Blanchard Nichols Associates, 633 S. Westmoreland Ave., DUnkirk 8-6134.
San Francisco Blanchard Nichols Associates, 900 Third St., YUkon 6-6341.

An index of the previous year's articles is published in each January issue of AMERICAN BUSINESS, which is also indexed by Business Periodical Index. Microfilm editions of yearly volumes are available from University Microfilms, Inc., 313 First St., Ann Arbor, Michigan.

This magazine's mission is to serve as a clearinghouse for management ideas and practical solutions to common management problems, especially in those areas of office administration of real concern to top management. Its editors welcome ideas, suggestions, and criticism.

Entered as second-class matter February 18, 1937, at the post office at Chicago, Ill., under Act of March 3, 1879.

$5.00 a Year—50 cents a Copy

Copyright 1960, Dartnell Publications, Inc.

CONTROL AT JANTZEN

"Moore forms help us speed invoice data from Shipping to Billing"

KENNETH C. SMITH,
Vice President and Treasurer, Jantzen, Inc.

Automated control of paperwork in Jantzen's new invoice system has made savings possible for this manufacturer of men's and women's swim suits and sportswear. Now communication between departments is

faster, several manual steps have been eliminated, and the chance of human error has been minimized.

Punched cards containing order information are processed in the Portland, Ore., tab department. Electric accounting machines convert the cards to a printed shipping order on a special one-part form. The order goes to the shipping center in Vancouver, Wash., nine miles away. There a packing memo is written on a teletypewriter, which produces a punched by-product tape. The memo is sight checked against the order as another control, and the tape is used to transmit the data to the Billing Dept. in Portland, where it appears as a duplicate tape.

The transmission also activates three 'slave' units which automatically print the labels, express receipts, and bills of lading that are needed. In the Billing Dept., the duplicate tape is converted to punched cards, used to print the complete invoice. Throughout the system Moore Speediflo is the form used—the company's control in print.

"We relied on the Moore man's knowledge of system and form design to give us the controls we needed," said Kenneth C. Smith, Vice President and Treasurer of Jantzen, Inc. For details on how the Moore man can help you, get in touch with the nearest Moore office.

MOORE BUSINESS FORMS, INC., Niagara Falls, N. Y.; Denton, Texas; Emeryville, Calif. *Over 300 offices and factories throughout the U. S., Canada, Mexico, Cuba, Caribbean and Central America.*

Build control with

MOORE BUSINESS FORMS

Introduce Your Friends To American Business . . . at NO COST!

To the Editor: Please send a FREE copy of AMERICAN BUSINESS to each of my business acquaintances listed below.

To.....
Title.....
Firm.....
Street.....
City..... State.....

. . .

To.....
Title.....
Firm.....
Street.....
City..... State.....

. . .

To.....
Title.....
Firm.....
Street.....
City..... State.....

. . .

To.....
Title.....
Firm.....
Street.....
City..... State.....

My Name.....
Firm.....
Street.....
City..... State.....

AMERICAN BUSINESS

Dartnell Building
4660 Ravenswood Avenue
Chicago 40, Illinois

LETTERS FROM READERS

Life of Lease

A recent issue of the *Reader's Digest* contained a condensation of an article that was published in your magazine, "Now You Can Rent or Lease Almost Anything," by Frank Cameron.

We manufacture mobile refrigerated display cases for retail merchandising of ice cream and other frozen foods. In recent months we have been approached by a number of accounts interested in leasing rather than outright purchase.

I hope it is not presuming too much to ask you for the names and addresses of the several leasing companies mentioned in this article so we can get in touch with them.—GENE SODEN, *sales manager, Spot Merchandiser Division, Star Cooler Corp., St. Louis, Mo.*

So many readers wrote in for this information that others also may be served by it. Here is a list of five companies specializing in the leasing of all manner of equipment:

U. S. Leasing Corporation
130 Montgomery St.
San Francisco 4, Calif.

Boothe Leasing Corporation
315 Montgomery St.
San Francisco 4, Calif.

Ryder Leasing, Inc.
3401 Main Hwy.
Miami 33, Fla.

Nationwide Leasing Company
11 S. LaSalle St.
Chicago 3, Ill.

American Industrial Leasing Co.
175 N. Michigan Ave.
Chicago 1, Ill.

Canadian Caper

Would it be possible for you to send us three reprints of the article by Charles F. Johnson in the November issue entitled "Tomorrow's Supermarket Today"? Your prompt attention will be appreciated.—WILFRID E. DUGAL, *vice president and assistant general manager, Cote, Boivin & Cie., Inc., Chicoutimi, Quebec, Canada.*

We do have a limited number of these four-color reprints, which we will be happy to supply readers who request them—until the supply runs out. Also available without charge is "A Checking Chart for Better Business Letters."

Pay Terminated Executives?

In a recent issue of a professional magazine in the office management field I read an article on company practices concerning termination pay to executives.

Unfortunately, I cannot recall which magazine published the article. If it was your magazine I would appreciate receiving a copy of the article or a copy of the complete issue.—CHARLES E. MORRIS, *Empire Brushes, Inc., Port Chester, N. Y.*

'Tweren't us. Though the subject is a bit far from our main field of editorial purpose we have tried several times to survey the prevailing practices but a common pattern couldn't be found. It was difficult to find an agreed-upon definition of "executive." (Well, what is an executive?) And everybody knows that executives never get fired. They "resign." Information from readers on this delicate subject will be appreciated.

Photocopy Facts

I seek information concerning the price, size, and performance capabilities of office photocopying machines. Can you help?—MRS. JEAN KENTON, *Radio Corporation of America, New York, N. Y.*

Yes, a slide-rule device listing important characteristics of 10 photocopy machines can be obtained from Department S9-462, Minnesota Mining & Manufacturing Company, 900 Brush Ave., St. Paul 6, Minn.

Dial Telephone System

We have read in your August 1959 issue about the Tele-Norm Pax Automatic Telephone System. We would be interested in knowing the address of this concern or in receiving literature from them.—H. W. MASON, *Miller, Hess & Company, Inc., Akron, Pennsylvania.*

The address of the Tele-Norm Corporation is 55 W. 42nd St., New York 36, N. Y. (See also the December issue of AMERICAN BUSINESS, page 42.)

Brown on Administration

Being the administrator of a nonprofit corporation, I am well aware of the desirability of constant improvement in administration. Mr. Brown's articles are most stimulating and informative, and I am anxious to have the complete series.—WILLIAM H. IRELAND, *executive director, Health and Welfare Council of Seattle and King County, Seattle 4, Wash.*

Thank you for your interest. Ray E. Brown's articles on administration have appeared in the June, October, and December issues of AMERICAN BUSINESS. Another is scheduled for next month, and others will be published throughout 1960. When the series has been completed it will appear in book form.

Small Business Leasing Triples in Two Years

CHICAGO—Long-term equipment leasing by smaller businesses has tripled in dollar value during the past two years, a nationwide survey disclosed.

More than half of the number of leases written for equipment are for firms with total assets of $500,000 or less, according to Robert Sheridan, president of Nationwide Leasing Company.

Approximately $65 million worth of production equipment is now on lease to U. S. firms with $500,000 or less in total assets, the survey found. This compares with about $21 million worth of production equipment on long-term lease to firms of this size in 1957. Total dollar volume of leased equipment is about $460 million. Small business now provides almost 16 percent of the dollar volume of equipment leased, compared with only 11 percent two years ago.

Companies that lease equipment generally are among the strongest in their industries and have top credit ratings, Sheridan added.

Three Reasons for Leasing

He cited three reasons why smaller firms have turned to equipment leasing:

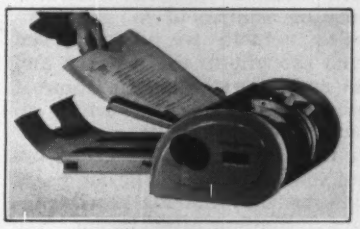
1. Increasing use of merchandising-leasing plans by manufacturers, which makes long-term leasing available more readily. This has resulted in a large volume of smaller (under $10,000) lease transactions;

2. Since equipment-leasing terms are normally for three years or longer, this provides smaller businesses with the long-term credit they generally find difficult to obtain. This long-term financing is important to smaller firms that wish to expand, modernize, and grow;

3. Recurrence of "tight money" periods.

The survey covered companies that have leased equipment for three years or longer through leasing companies. END

A strictly no-talent task!



Model FH Folding Machine.

No bright, skilled, well paid office girl likes to do hand folding — a dull, tedious, repetitive task that wastes time, delays more productive effort, lowers morale. In any office, a Pitney-Bowes Model FH Folding Machine soon pays for itself in convenience and time saved.

It's a cinch to use. You can set it in seconds, without tools, by just moving two knobs to the fold sizes wanted. And with semi-automatic feed, it can double fold up to 80 letter sheets a minute. (Fully automatic feed, available at slight extra cost, is even faster.)

The 3300 FH is a new, small, simple, combined folder and inserter, will fold and stuff up to 500 bills, letters, etc., into envelopes in eight minutes.

Makes eight basic folds, even in stapled or multiple sheets. Handles all standard papers, in sizes from 3 by 3 to 8½ by 14 inches. Small, light, easily portable, one FH can serve several departments. And it costs less than a standard typewriter!

Call nearest Pitney-Bowes office for a demonstration, no obligation. Or send coupon below for a free illustrated booklet.

FREE: *Handy desk or wall chart of latest Postal Rates, with parcel post map and zone finder.*

PITNEY-BOWES Folding & Inserting Machines

Made by the originator of the postage meter . . . 122 offices in the U.S. and Canada, with nationwide service coast to coast.

PITNEY-BOWES, INC.
2103 Walnut Street, Stamford, Conn.
Send free ☐ booklet on PB folding and inserting machines ☐ postal rate chart.

Name _____

Address _____

Don't Be Afraid of

BY *Claude D. Brown*
Chief Accountant
Economy Forms Corporation

RELATIVELY modest-sized organizations need not deny themselves the advantages of electronic computer equipment.

Our company's experience proves that such an organization can make invaluable use of this equipment to produce, process, and "remember" all the multitudinous information needed today for profit-improving management.

We have about 300 employees, most of them at our main office and plant in Des Moines, Iowa; about 150 are production workers. We manufacture the steel forms used in concrete construction and our volume in 1958 mounted over $5 million, some from the sale of these forms and the rest of the income from their rental. From nine district warehouses we get distribution in a 48-state market.

Economy Forms plainly is not one of those multiplant industrial behemoths that, according to some opinion, are the only organizations capable of benefiting from electronic data-processing equipment at the "present state of the art."

Four Bugaboos

This is erroneous opinion, resting on four commonly expressed bugaboos:

1. The switchover might cause chaos;

2. An EDP installation takes a couple of years to get going;

3. The equipment costs too much;

4. Hard-to-locate programmers and other experts are needed.

In actuality, these bugaboos are completely invalid fears, as the following case history shows.

Until a few months ago, none of us at Economy Forms had ever seen an electronic computer. Yet, taking the plunge proved to us that these too-commonly accepted fears have little substance. This is not to imply that the installation and application of electronic computers is child's play, but it is no more difficult than many of the other problems management faces—and surmounts.

Though our president, W. A. Jennings, takes quite a bit of joshing for the apparent casualness with which he approved electronic computer equipment for Economy Forms, actually we all had given much thought to the problem and had made a quiet investigation of equipment capabilities while so doing. Eventually we nominated the Royal Precision LGP-30 as the equipment that might fit our needs and asked Royal McBee representatives to make a presentation.

A few days after the presentation we gave the company an order, somewhat to the surprise of the salesmen. (Apparently electronic computers are generally not sold so quickly.) We took such prompt action because the presentation convinced us that the equipment would do the job we had in mind without necessitating any fundamental changes in policies and procedures.

Why did we think we needed electronic computer equipment? Are there not, after all, hundreds of organizations our size that are well managed and prospering *without* such help? Mr. Jennings expressed our motives best when he observed that for 25 years he had waged a battle to get needed information about the business and that he generally found it easier to act on an educated guess rather than to wait for the figures.

Complex Payroll

We have a complex payroll that contains incentive pay. This affects cost accounting, of course. Involved production and inventory schedules are needed for our many sizes of forms and accessories. In the layout service we provide for our customers, our engineers specify forms to meet the requirements of specific jobs. The construction industry, somewhat more than most, is a rush-rush business. This means that we must have the right forms in stock in our nine warehouses across the country. The change in policy five years ago to

The author (right) studies a daily performance record printed out by the computer with Economy Forms president, W. A. Jennings.

Electronic Computers

Many of America's largest corporations have effectively harnessed extensive electronic data-processing equipment. They have found the use of EDP indispensable in acquiring vital management information. But what can these installations do for smaller companies? Here is the case history of a computer system used at a company with 300 employees, $5 million gross annual sales, and distribution in a 48-state market.

sell as well as to rent our forms, increased our volume. It also increased our problems.

Educated guesses were at least acceptable until our rapid growth began. Our management decided that if this growth was to continue, our executives would require administrative reports based on data that was only *hours* old. Reports of what happened last month would no longer do.

Then, too, some of the decision-making load had to be taken off the backs of top-level executives. The only good way to do this is to provide the lower echelons with fresh, *obvious* information.

Anyone knows that windows of a parked car should be closed if the rain is pouring down. But information and judgment are required to decide whether or not to roll up the windows if it *might* rain. This presents alternatives, each with its reward or penalty: Closed windows would mean a dry car if it rained, but an oven-hot one if the summer sun beat down instead; open windows would lead to wet seats if it rained, but a comfortably ventilated interior if sunny skies prevailed.

The obvious can be handled without conferences and at the middle-management level. This is beginning to happen at Economy Forms since the introduction of computer equipment.

January marks the eighth month that we have been using the LGP-30. It is a Royal McBee computer linked to a Friden Flexowriter that prints. Of course, we are far from switching our entire operations to computer processing. We never contemplated going all the way in one gigantic step. While the equipment manufacturers seem astonished at the progress we have made, we have felt a small sense of disappointment. But this may be because we see so much more that can be done and are anxious to move forward.

Thus far we have made two applications—sales and payroll analysis. Here is a summary of the sales-analysis procedure:

A Friden Computyper provides the primary source of input data. This is a semiautomatic billing machine that produces a punched paper tape from invoices on which all significant information—and only significant information—is recorded. The Computyper supplies descriptive identification words to define each group of data.

Contributions to Departments

The functions of our sales-analysis program are perhaps best explained in terms of the contributions made to individual departments. In the sales department our Royal McBee computer compiles sales by commission category for each salesman; compiles square footage of forms sold by salesman, by district, and total; compiles customer-by-customer sales records, giving breakdown of each invoice by total area of forms. (Since forms vary so much, square footage is much more significant than number of units.)

In the accounts receivable department the computer accumulates total of invoices, less payments and cash discounts. It accumulates total of accounts receivable for each customer, and can print needed information if the total doesn't tally with ledger cards.

For the shipping department, the computer's sales analysis provides a current inventory of all items on the price list for all nine district warehouses. Upon printing out the inventory for a district, the total area of forms is computed and printed.

In the near future we plan to utilize one of the computer's most spectacular and valuable functions: Using an ideal balance of equipment based on sales histories, it computes quantities of materials that should be shipped to each warehouse to bring its inventory up to the desired level. Upon printing the items to be shipped, the weight will be computed and printed.

Next, the area of each invoice will be computed and made available for posting to the customer's shipping record maintained by the shipping department.

This will tie in very efficiently with our present use of the computer for the field service department in which it compiles sales by commission category for each field service engineer.

For the accounting department, the computer does so many chores that only the briefest listing is necessary:

1. Accumulates by taxing body; e.g., city, state, the totals of tax invoiced;

2. Accumulates by taxing body the total of gross sales invoiced;

3. Accumulates by sales district the total dollars invoiced, excluding interest, tax, and freight;

4. Accumulates by sales district the quantity of each inventoried item sold, for use in cost-of-goods-sold computation;

5. Accumulates by sales district the dollars invoiced for all stock and special products, as well as labor;

6. Accumulates by sales district the total inches, dollars, and quantities of items sold as well as items shipped;

7. Accumulates total interest charges invoiced;

8. Accumulates total prepaid freight and postage;

9. Accumulates by district the percentage of freight charges.

This summarizes the computer's sales analysis. But its job here is not quite done. It stores any of the above data that are used in other computations; e.g., total salesmen's commissions, cost of goods sold, and on through to the balance sheet.

The computer's program for shop payroll is perhaps even more extensive. It figures payroll through variable deductions; e.g., Social Security and withholding tax, prints earnings reports, and provides labor distribution and foremen's efficiency records. Here the input data are compiled one card per man per day. These figures are then punched into a paper tape with a Friden add punch.

Most payroll procedures are alike (though ours is probably more complicated than average because of our incentive pay, shift bonus, and considerable overtime). Thus, there is little need for me to go over this procedure in detail. Our Foreman's Weekly Efficiency Report, however, is different enough and useful enough to merit a fuller description.

In this phase of its operation the computer accumulates the following information about all the production employees working under each foreman: total hours worked, hours on incentive, hours earned on incentive, efficiency percentage, dollars below or above standard; and seven items of indirect labor, including maintenance of tools, shop and site, material handling, downtime, lost time, and set-up time.

Palm of Hand

The usefulness, indeed the necessity, of these sales-analysis and payroll reports is clearly apparent. What may be less obvious is that all these reports come from a few tapes that can be held in the palm of my hand. There is a wealth of data in those tapes, restricted only by what we decide we should print out. This is certain: The hardware of computers is miles ahead of the current ability to use it.

In addition to the LGP-30 computer, we have, as optional equipment, a Model 342 Royal McBee high-speed reader and punch. In addition to the one that is part of the LGP-30, we have another Friden Flexowriter as off-line equipment. If the computer is otherwise occupied, it can be used to print out a report. This tape typewriter also can be used to print dividend lists and perform other typewriting chores, activated by tapes that are frequently byproducts of other operations.

The LGP-30 is about the size of a small desk with its companion Model 342 roughly half that size. The computer has a memory capacity of 4,096 words, considerably beyond Economy Forms' anticipated needs. All its tracks can be used for storage of data or instructions. The photoelectric reader of the Model 342 has a speed of 200 characters per second. It will punch at the rate of 20 characters per second.

It so happens we purchased this equipment outright. But since these values are usually better understood in rentals, we will report that our equipment rents for less than $1,600 monthly. This does not include the Computyper.

This is not pocket change, but no alert management would hesitate to add this amount to its administrative payroll—if there was a reasonable promise of gaining better control of operations. Why then hesitate to make equipment investments which will make *all* employees more efficient?

Several weeks before the delivery of our LGP-30, Richard Petersen, my assistant, Al Jennings, an industrial engineer, and I attended Royal McBee's programming school in Hollywood, Calif.

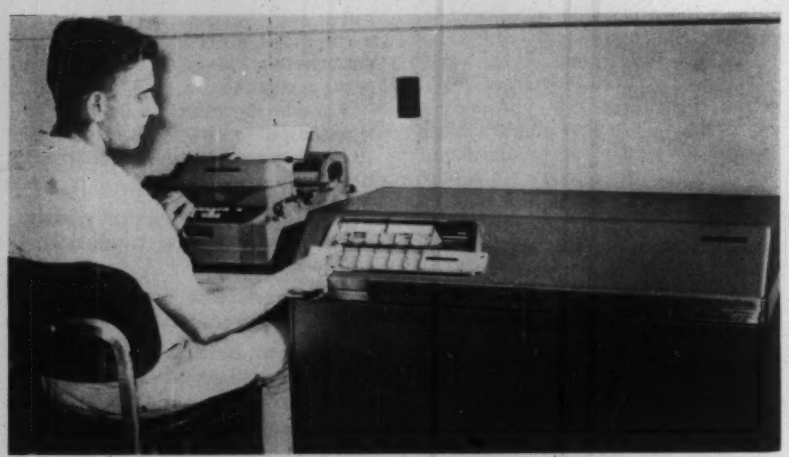
And there I learned that organizations our size do not need to employ computer experts. In fact, we will go on record that it is a mistake to do so. Competent programmers are in most organizations. They simply need selection and training.

These programmers should be people who understand the business; are determined to make the computer serve the organization's needs, and not vice versa. For instance, we have no intention of inconveniencing our customers by changing inventory procedures to accommodate an electronic computer's hardware. Nor is it necessary.

Mr. Petersen and I took the course with no intention of later doing any actual programming. But we believe it is important to understand how, in order to plan for the complete integration by electronic computer which is our ultimate goal.

Al Jennings attended the school for the purpose of heading up our program. We also think it is essential to make one person responsible for the success of the program. At Economy Forms this is Al Jennings.

We, ourselves, have since trained two others as programmers. In competency we believe they rate with the graduates of the school. Of course, we would not have been



Al Jennings, who is in charge of the electronic computer program at Economy Forms, operates the Royal McBee LGP-30.

capable of this training without our own formal education.

It takes intelligence, concentration, and interest to be a good programmer; but not genius or an engineering education.

Complete Integration Sought

Where do we go from here? As indicated, we intend to completely integrate our entire operations. We know that any transaction within the boundaries of Economy Forms' operations has an influence on every other transaction.

The big one we are working on now is production control. We are first programming work-in-process inventory control for some 3,000 production operators. We will then head toward scheduling and load reports.

One of the advantages of computer processing is that you can feel your way and make sure the ground is solid before committing yourself.

When we express intention to head for complete integration, we mean just that. For instance, we are not so enamored by this equipment that we think some procedures are not "worthy" of its attention. For example, what is wrong with programming our dividend payments, and then at dividend payment time letting the LGP-30 compute and print out a summary for check distribution?

In short, we foresee the day when all Economy Forms' procedures and statistics will be taped. But we can time this as good sense dictates.

If the Royal McBee people are right and we have made more than normal progress, then we think it is because of *attitude*. Some people are inclined to concentrate too much on the equipment instead of their own problems—for instance, the man who is impressed that this or that computer can print out "10 seconds sooner," when his real problem is reports weeks and months late. Those saved seconds are undoubtedly important in charting the course of a missile to the moon, but hardly as essential in distributing costs to accounts.

There is only one thing that concerns us about electronic computer processing—that we didn't take the plunge at least a year ago. Now we have a worry that mounts each day: What *don't* we know about our own business? We are confident that as we grow more adept in the use of the computer we are going to minimize that worry. END

Thermo-Fax
COPYING MACHINES

give you dry copies
4 seconds FAST

You're hurrying to get to that meeting . . . suddenly you need extra copies. That's no problem with a "Thermo-Fax" Copying Machine in your office. In just seconds you have dry copies in your brief case.

Using no chemicals these machines turn out a perfectly dry, clean copy in just 4 seconds—electrically. And copies can be made on white, bond-weight paper—or on any of 6 other distinctive colors.

"Thermo-Fax" Copying Machines copy just about everything, quickly and easily. Such routines as billing, accounting and addressing are speeded. To see one of these time-savers at work, call your dealer now. Or mail the coupon.

Only "Thermo-Fax" Copying Machines do so many jobs...so quickly, so easily, for such low cost!

"Machines that mean business"

Thermo-fax COPYING PRODUCTS 3M COMPANY

THE TERM "THERMO-FAX" IS A REGISTERED TRADEMARK OF MINNESOTA MINING AND MANUFACTURING COMPANY

Minnesota Mining and Manufacturing Company
Dept. DCO-10, St. Paul 6, Minnesota

Name_____

Company_____

Address_____

City_____ Zone____ State_____

MINNESOTA MINING AND MANUFACTURING COMPANY
. . . WHERE RESEARCH IS THE KEY TO TOMORROW

New Sales Incentive Plan

BY *J. M. Kuhn*
Vice President, Sales
General Binding Corporation

SALES incentives have contributed substantially to the growth of our company, which has been rapid: Since 1947, when present management took over, annual sales have increased from $250,000 to about $10 million in the year just ended. In these years General Binding Corporation has never had a single month when sales did not substantially exceed those for the same period the year before.

Yet sales-incentive policies are certainly not something to set and forget. They need periodic review and adjustment if they are to reflect changes in company objectives, changes that almost inevitably take place.

At GBC we recently completed such a review and modification of the incentive plan for managers of our 41 branch sales offices in this country and 38 in Canada, Europe, and South America. The overhaul took time and thought but its results have justified the effort.

For several years we had relied on a system that tied a branch manager's income to percentage of sales to quota. This served the purpose during the firm's early years, when the primary goal was rapid expansion. But in the long run it proved inadequate. Plugging away at getting more sales is not enough.

The old policy ignored the important aspect of net return to the *company* and furthermore proved to be inequitable and difficult to administer. To assure long-term growth and profit improvement we realized we needed an incentive system based on something more than a bigger paycheck for a larger volume of sales. After studying dozens of programs used by other companies, large and small, we decided to construct an incentive plan that would provide:

1. Excellent supervision of branch offices in many parts of the world by attracting high-caliber personnel;

2. Appropriate recognition and reward for managerial ability;

3. Correlation of these objectives in such a way to assure the growth and welfare of the company while adequately rewarding the manager for his contribution to company objectives;

4. Flexibility, simplicity, and ease of administration.

We proceeded to evolve a plan that consisted of three basic parts: base salary, performance share, and net profit share.

Here is how the plan functions:

There are two base salary figures, depending on the size of the branch. A manager of a smaller branch receives the lower base but his incentives based on performance and profits are correspondingly higher.

The success of a smaller branch, therefore, depends on the manager's own sales performance as well as his ability to handle two, three, or four other salesmen. Though he is expected to be the top salesman in his branch, the manager is not paid a commission on his own sales but on the overall performance of his branch. As volume grows, the importance of the manager's personal sales in relation to total sales is reduced. Much greater emphasis must be placed on his ability to manage salesmen, while controlling costs. This is why the base salary of a larger branch is higher. Salaries are paid twice a month.

Pay in Proportion to Sales

The performance share pays the manager in direct proportion to the sales performance of his branch and is paid monthly. It is based on a plan that places what we believe to be appropriate emphasis on selling our three basic product groups —equipment, supplies, and plastic bindings. Each product group is weighted according to the relative time needed to sell a product and the problems involved.

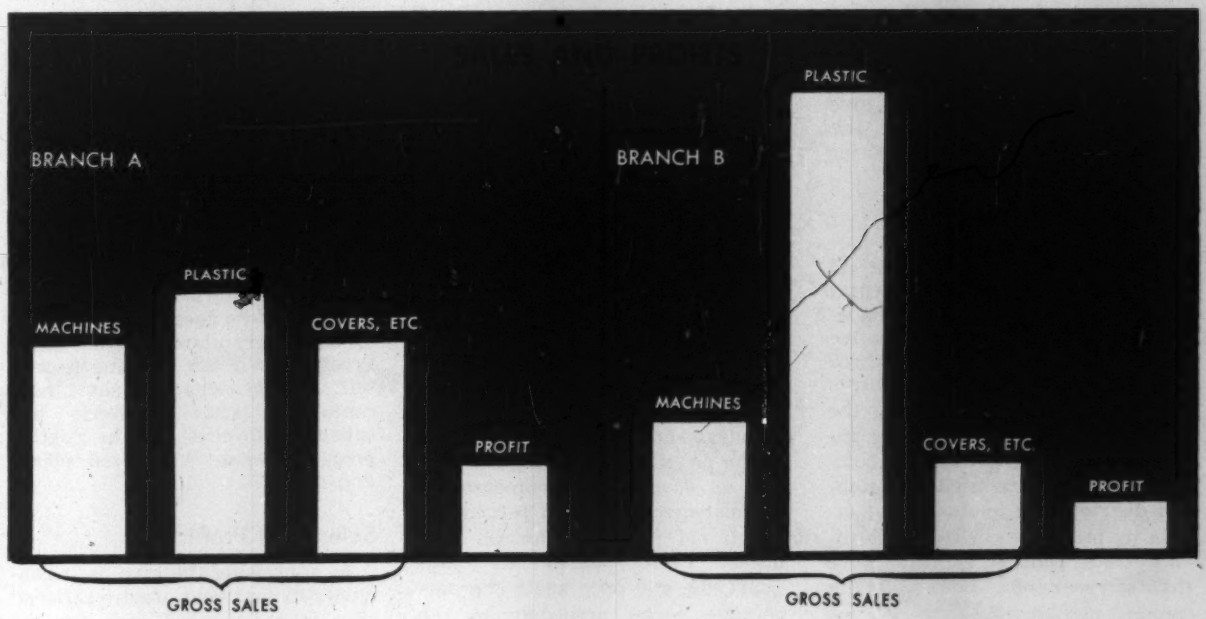
For example, products in our equipment line, which includes plastic punching and binding machines, laminating machines, and spirit duplicators, carry a weight of two quota points per dollar of sales. Supply items such as metal looseleaf binders, spirit masters, and other supplies, carry a weight factor of either a half point or a full point per dollar of sales.

Thus it can be seen that our quotas are expressed in terms of points, not dollars. The manager's

The rapid growth of General Binding Corporation is reflected in its annual sales which have increased from $250,000 to $10 million since 1947. Part of this growth is due to General Binding's sales-incentive plan. This system rewards each sales manager not for the volume of sales in his branch, but for the contribution his branch makes to company profit. The results have been greater net profit for the company and higher income for the sales force.

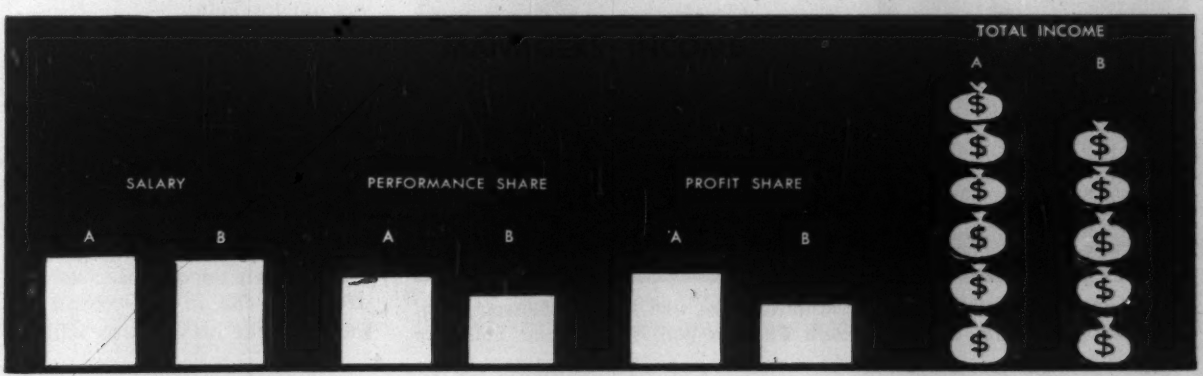
Pays Off for General Binding

CHART I



While both the above branches had the same total sales, A's greater sales of equipment reveals it had added new customers. B had greater sale of plastic bindings, an item bought largely by old customers. Chart II (below) shows these relative performance shares, as well as the greater profit share A's manager earned by better cost control. His total income reflects his superior work.

CHART II



performance share each month depends upon the total accumulation of quota points of all products sold that month. The conversion rate of quota points to dollars paid in performance ranges between one dollar for each 50 quota points to one dollar for each 100, depending upon size of the branch and the manager's base salary. Salaries are purposely set low so that the urgency of a high volume of *balanced* sales always remains uppermost in the manager's mind. In other words, the quota point system provides a built-in set of weights and balances. It helps to sell the whole line of products and encourages the manager to give just as much attention to the harder-to-sell items as to the easier ones.

Six Years of Experiment

This formula is the result of six years of continuing experimentation and research in market distribution, sales quotas, and incentive plans. We made two or three changes along the way to achieve the right sales balance among the product groups. Surveys of population and buying power, and business indexes were used to establish districts and quotas.

In its present form the performance-share plan is slightly more than a year old. Before finally committing ourselves to it, we plotted the plan as though it had been in effect for the first nine months of 1958. This simulation enabled us to forecast the cost almost to a penny and to demonstrate that salesmen's compensation and cost of sales would remain under control.

The third dimension of our incentive plan is the profit share. The purpose of business is to produce a profit—and each manager is rewarded according to the net profit his branch contributes to the company. If his expenses are out of line, he is stimulated to take the necessary action. If sales are down due to the lack of well-trained and properly motivated men, the manager feels it where it pains the most and is prompted to correct the situation. In short, a branch's net revenue directly reflects to the manager himself the degree to which he has mastered the strategic functions of management. He is as much aware of his performance as are we at GBC headquarters. (An important byproduct of this incentive plan is the stimulus it provides for self-analysis and self-development. Is there a better type of management training?)

The profit share accomplishes its various purposes by compensating the manager with a flat percentage of all net profit his branch produced. Profit shares are paid quarterly, and once again the percentage varies according to the size of the branch. Each manager receives a detailed profit-and-loss statement monthly, as well as an itemized expense statement.

This portion of our plan has also been tremendously successful. Our net profit in the branches rose steeply in 1959 and we believe that this is primarily due to each manager's keen awareness of the need for net profit.

Here is an example of how it controls costs: In our business the telephone is an indispensable sales tool. But it can be misused. Control of long-distance telephone calling is much better now than in years past. The managers are cooperating fully because they know that every dollar expended on unnecessary and unproductive phone calls costs *them* money as well as the company.

The profit segment of the plan has its own built-in disciplines. If his branch is sick, the manager needs no letter from company headquarters to inform him of the fact. If it is well, he doesn't have to wait for a congratulatory letter from President William N. Lane or myself. All he needs is a short note containing what somebody has called the loveliest line in English prose or verse: "Enclosed please find check."

Sales, Net Profits Rise

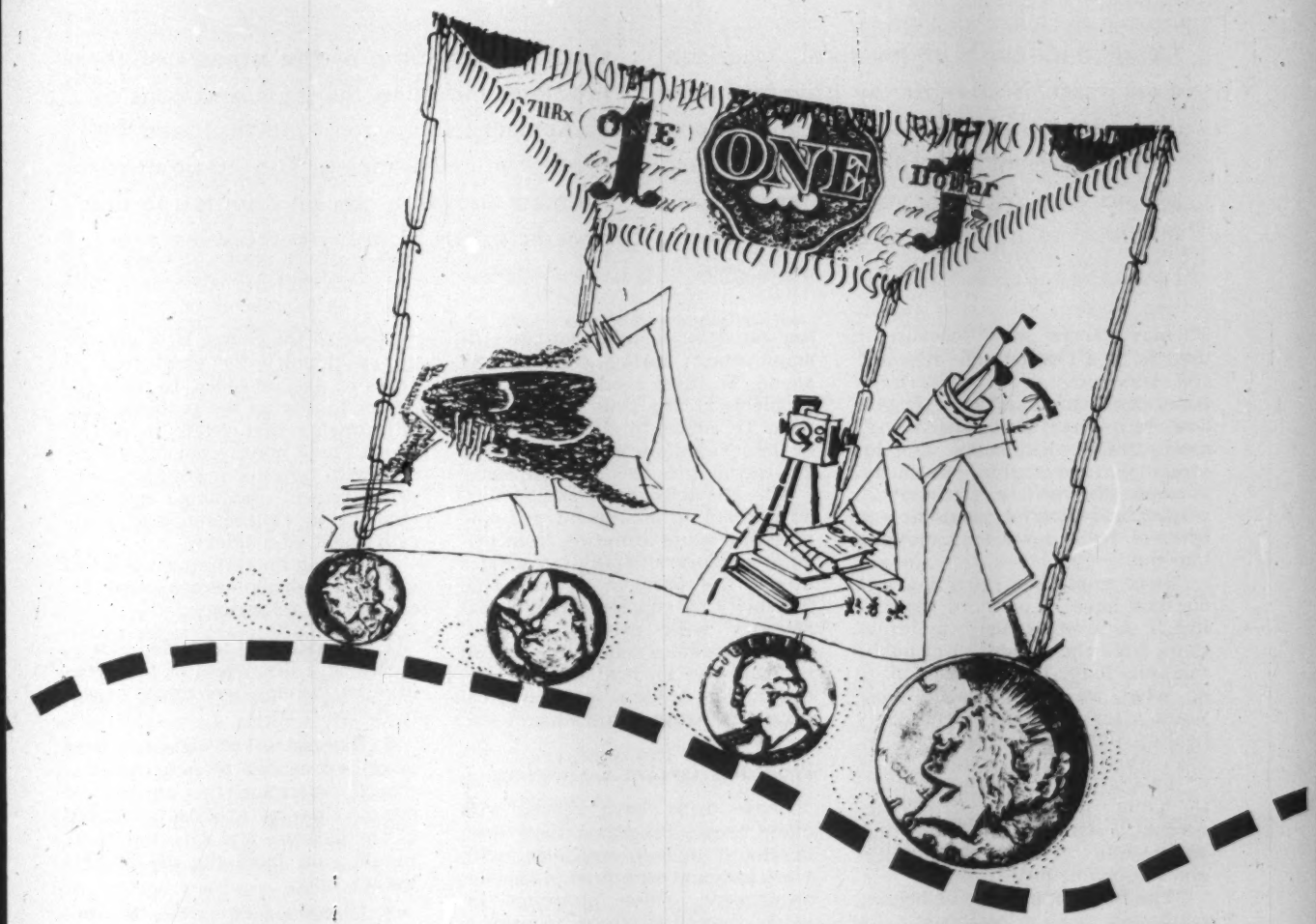
In appraising the plan as it concludes its first year, we are satisfied that it has worked well for the managers as well as the company. Sales are up, and net profits up even more, with cost of sales correspondingly lower. It is not something that we have had to tinker around with. Thus we have been relieved of the involved and frequently unsatisfactory meetings with managers, trying to explain this or that aspect of the system. It is equitable and easy to administer. It ended the need for performance review or worry about what will happen if Joe finds out what you did for Pete.

Perhaps the most important contribution of all is that it encourages each manager to manage—to make careful decisions about the responsibilities we have given him concerning territory, inventory, and pricing. It also encourages each manager to train and lead his salesmen.

Each manager knows in advance that he will be rewarded for his efforts and can, in fact, control and foresee what his rewards will be.

END

The author (center) discusses GBC incentive plans with Douglas Blossom (left), manager of General Binding's North Chicago (Ill.) branch, and Salesman John Tierney.



Paving the Road to Retirement

BY *John S. Sloan*
President
Retirement Education, Inc.

TO the old adage "there's nothing certain except death and taxes" a new word has been added: "retirement." The passage of the Social Security Act in 1935 added a new dimension to American life —that of the "leisure years" or the "golden years"—a carefree, financed finale to the average life. After 65 this could mean 10, 12, or, with luck, 20 years or more of carefree living.

The vision was alluring. Corporations and labor unions rushed in to supplement the governmental grant. Pension plans were hastily added to work contracts. Compulsory retirement plans were established. The future, already optimistic, soon became positively rosy.

Since these retirement plans were begun 25 years ago, their various aspects have been—and still are—hotly debated. In connection with the question of compulsory retirement age, these favorable arguments have been advanced: (1) It is easy to administer. (2) It treats all employees equally. (3) It reduces headaches with "problem personnel." (4) Age is the best available composite index of physical, mental, and production decline. (5) It opens up jobs for youth. (6) It is essential for low-unit cost. (7) It is essential for competitive aggressiveness. (8) It speeds up promotion. (9) Certainty of retirement eases personal adjustment problems. (10) Old workers certainly deserve a rest.

These arguments have been advanced against compulsory retirement: (1) Chronological age is no measure of physiological age. (2) It deprives companies and our economy of some of our most productive, able workers. (3) It lowers our standard of living. (4) It imposes unnecessary burdens on those remaining in production. (5) It destroys the usefulness and therefore the dignity of human beings. (6) It destroys good will to private enterprises. (7) It is costly. (8) It reduces productivity in later years because the older worker, knowing he is to be retired at 65, eases off and has no incentive to do any more than is necessary.

Regardless of the arguments pro and con, retirement at age 65 is the standard (perhaps selected, as former U. S. Surgeon General

About one-fourth of the total American work force is covered by private industrial pension plans. Yet, are these plans alone sufficient to make the retirement period the "golden years" that it was intended to be? The accompanying article discusses some of the aspects of retirement, including the pros and cons of compulsory retirement and the need for preretirement planning. The 20-point retirement program can be adapted to the specific needs of many companies.

Thomas Parran said, "because it used to be a ripe old age at which few survived . . ."). Most large American companies have organized retirement programs today; most smaller companies are increasingly interested in the subject. A consensus from a group of 20 corporate industrial relations executives boils down to something like this:

"Since employees, retiring at age 65, may have 12 or more years to live, it is tremendously important to us, from the standpoint of public relations if for no other reason, to do what we can to make those years after retirement reasonably healthy and happy. A pension plan, even when it is adequate in terms of dollars, is not the whole answer to happy retirement. The other necessary elements are interesting, worthwhile, purposeful activity; and reasonable health.

"The finest byproduct of helping employees to plan intelligently for their old age is that it makes them happier and more productive people before retirement. If one can suggest a plan of the years ahead which the employee accepts and likes, with a goal at the end that seems sure and pleasant—something that he can look forward to with anticipation—one is able to take away the tensions of the present. In this way it might be found that productive activity will be stimulated. Employees who are better adjusted to their jobs will result from such a plan, and they will live more happily with their associates."

For the man who retires at 65, the remaining lifetime of nearly 15 years will be quite different from those of his previous adult life in at least three important respects: income, health, and activity.

He must adjust to an appreciably lower scale of living. He will be more concerned with his general health in terms of increased medical expenses as well as decreased physical stamina. He should know that he needs purposeful, rewarding activities to take the place of employment during the years ahead. To meet even one of these problems at any time is a difficult task. To adjust to all three—more or less simultaneously—can be a frustrating and difficult experience.

The obstacles to a satisfactory adjustment to retirement are now receiving acute attention from private employers. Many companies attack the problem of economic insecurity by supplementing Social Security with private pensions. Some companies relieve the burden of increased medical expenses by continuing hospital and surgical insurance after retirement.

Programs Involve Counseling

Some firms have moved into other areas. Programs have been developed to help employees with more personal aspects of retirement adjustment. These programs involve counseling which, in part, is aimed at encouraging constructive use of the employee's time, developing hobbies and recreation interests, and providing guidance in similar personal aspects of living. While attempting to avoid paternalism, most firms feel that there is a simple obligation on the company's part to make the retiree aware of the problem of adjustment to a new way of life.

What does the company do? A number have preretirement counseling sessions beginning five to 10—and in some cases 15—years before retirement. At these times, the employee's status under the group insurance, retirement, or pension program is discussed. He is encouraged to begin planning for his future. He also is given printed material suggesting care of health, finances, social security provisions, development of hobbies, etc.

A prominent eastern public utility company describes its counseling program:

"The subject of planning for retirement is offered in our voluntary evening-class program. The purpose of the course is to provide an opportunity for employees 50 years of age, or older, to meet together to discuss the problems and adjustments that relate to retirement. Three main problems associated with retirement are discussed: preretirement planning, economic security in retirement, and post-retirement adjustment.

"Planning for retirement is given in six two-hour sessions and includes the following:

1. Introduction to the course, including a discussion of the benefits that the employee might expect to derive from it;

2. Discussion of leisure time after retirement, to help the employee determine the amount of leisure time he will have, as well as the pleasure and satisfaction he should gain from the use of this leisure time;

3. Discussion of various leisure-time activities;

4. Discussion of financial problems relating to retirement;

5. Discussion relating to health in retirement."

The above items are covered in considerable detail in conference-discussion meetings. The instructor, who has had training in conference leadership, acts as a group leader but does not plan the employee's retirement for him. The course is supplemented by printed material that covers the subjects.

Another large company developed a 20-minute presentation of the mechanics of its pension plan and the philosophy of retirement. Group meetings were held for all employees who were grouped according to length of service and salary grade. At the end of the meeting a pamphlet that reproduced much of the talk was given to the employee along with a statement showing his current pension credits.

Another large concern that holds group meetings is a giant insurance

company. Under the sponsorship of its counseling center, groups composed of former employees who are retired, as well as those about to retire, discuss a wide range of retirement problems.

What About Small Firms?

This is all very well, of course, for the companies large enough to inaugurate this type of plan. But what about the smaller concerns with 20, 50, or 100 employees in the 50- to 65-year brackets? Printed information seems to be the most practical answer (surveys show that eight out of 10 employees prefer printed matter). There are several companies in this field.

A recent report by the Life Office Management Association's Midwest Planning Committee suggested the following 20-point retirement program:

1. When the employee is eligible for a pension plan, start a pre-retirement program. Find out what he thinks he would like to do when he leaves the labor force. Write down that decision for future reference. Review his plans at five-year intervals to see if the original outline is to be followed or modified;

2. At age 55 the pattern for the future should be taking definite form. Of particular interest is the financial status for the future. Can the things that are hoped to be done be accomplished with the funds that may be available? If not, what can be done about it? If the practice has been continued of keeping a record of the conversations, and if they have been held at five-year periods, a meeting at this time should provide a progress report for the individual;

3. If the employee thinks he would be interested, see that he is furnished with publications that may help in planning for leisure days;

4. At age 60 review the prospective retiree's program and provide assistance on any problem that has arisen;

5. At 64 (if 65 is the retirement date) the retiree will know pretty well which way he is headed, or he is going to be one of the most unhappy persons when he has leisure time on his hands. Management has not made recommendations unless advice has been sought. Up to now these affairs have been merely conversation—a place where free discussion could be helpful. Meanwhile, the idea has been planted in the individual's mind that he will be leaving the labor force at age 65;

6. Even though the retirement date is just a few months away, it may seem to be quite a ways off and still looked forward to with pleasant anticipation. This may change very markedly 30 days before retirement date unless plans have been made well in advance and the individual knows what he is going *to*. He knows what he is going *from;*

7. One week before actual retirement date, schedule a review visit with the retiree;

8. With the permission of the retiree, arrange for a gathering of friends. This could be a luncheon, a dinner, or neither, substituting a general meeting place where those who wish to do so could visit the retiree. The time for the get-together could be a day or two before actual retirement. A substitute for this plan would be allowing the last day on the job for the retiree to visit throughout the organization;

Gift From President

9. A company gift can be presented to the retired employee by the president;

10. Provide life membership in any of the company clubs of which the individual has been a member;

11. Provide, on a reduced basis, free hospital, medical, and surgical benefits. Permit any funds needed to increase these free benefits to be taken from retirement benefits. Reduce hospital benefits and surgical benefits approximately one-half or convert present hospital coverage to regular premium-paying basis. Continue life insurance on the basis of $1,000 as a gift to the retiree or permit conversion of full amount owned at time of retirement;

12. Provide names and addresses of those who have retired, furnishing them to each retiree at the beginning of each year;

13. Send all company publications that the retiree wishes to receive to the address he selects and provide him with a company calendar each year;

14. Provide a suitable space for retirees to use at any time the company building is open. This could be a small area but completely equipped with all necessary facilities for a meeting place or a lounge;

15. Make available to the retiree the services of the personnel department for consultation;

16. Seek suggestions from the retired employee and make available any awards that a regular employee would be given had his suggestion been adopted;

17. Experiment with a so-called "gradual" retirement plan if the individual wishes to do so;

18. When the number of retirees reaches about 10, provide means for this group to get together at least once a year. As the group grows, establish it as one of the company clubs;

19. Provide information concerning adult education if facilities are available in the retiree's city. Many universities have found this department creating much worthwhile interest on the part of retired persons;

20. Once or twice a year prepare a bulletin concerning news of retired persons—what they have been doing, where they have been traveling, their families and grandchildren, jobs that have been worked on, hobbies, recreation, and their plans for the future. This can be made available to all those in the company who may be interested, as well as those who have retired. END

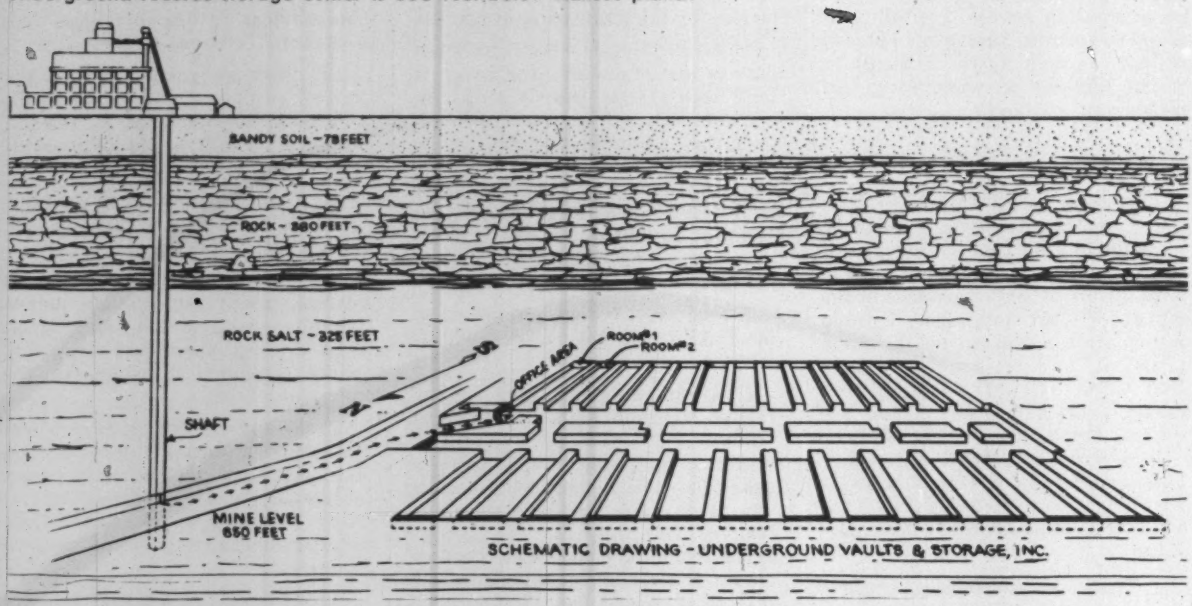
Retirement Study Begun

ITHACA, N. Y.—The impact of present-day retirement policies and practices upon the American economy and upon older people themselves will be examined at Cornell University during the next three years under a $190,000 Ford Foundation grant.

Under the study, which is sponsored by the New York State School of Industrial and Labor Relations at Cornell, the retirement policies of industrial organizations as well as those of non-profit organizations such as schools, colleges, and welfare and government agencies will be evaluated.

The research team undertaking the study plans to analyze the specific arrangements, automatic as well as selective, which are presently used by organizations and to evaluate the programs now in use for preretirement planning. At the conclusion of the study, recommendations on possible courses of action will be offered to business and government managers. END

Underground records storage center is 650 feet below Kansas plains.



Underground Records Center Opens

THE rapidly growing problem of file space, augmented by growing concern in American business and government for the security of vital records, has inspired the launching of perhaps the world's safest natural "fortress"—an underground records center near Hutchinson, Kans.

Opened early last month, the center will be the principal subject of a symposium on records storage and preservation to be held in Wichita, January 18 to 19. Keynote speaker will be former Iowa governor, Leo A. Hoegh, now director of the U. S. Office of Civil and Defense Mobilization. This agency is vitally interested in the facility, since one of its major current projects is in the field of records preservation. Directed by Matson Holbrook, of Denver, a specialist in records management and former member of the Hoover Commission, the symposium will consist of presentations by business leaders who have experienced the problem of engulfing paper records and expensive storage of vital documents.

Space Plus Security

Available space in the center amounts to millions of cubic feet. It is 650 feet below the earth's surface. Temperatures range between 65 and 70 degrees throughout the year. Humidity is never more than 50 percent, nor less than 35 percent. Insects, parasites, and vermin are totally absent. It therefore combines two prime requisites for central records storage: space, inexpensive because of its vastness; and security from any threat.

Business organizations, banks, insurance companies, savings and loan companies, governmental bodies, and other groups will utilize the records storage center to protect vital records such as incorporation and other organizational papers, stockholder lists, blueprints, mortgage holdings, account books, and so forth.

Depth of the center is 650 feet, which is four times greater than that recommended by OCDM as protection against nuclear bomb attack and subsequent fallout. This depth also is three times greater than the deepest of the other three vital records storage centers in the U. S. (near New York City, San Francisco, and Pittsburgh).

The center is located in the Carey Salt Mine in which excavation was started 32 years ago and has continued virtually uninterruptedly to the present. Thus has been created a network of dead-end rooms (a "room" in the mine is the length of a football field) and tunnels extending for miles beneath Reno County. The inactive, mined-out portion of the area has been acquired on a 99-year lease by Underground Vaults & Storage, Inc., of Wichita.

First Room Is Ready

The first room of the center now is whitewashed, illuminated by fluorescent lights, and filled with steel shelving on concrete slabs. Near its entrance are offices and rooms for living quarters with oak furniture, a kitchenette, and restrooms. A 24-line telephone drop cable leads to the records center. In the immediate vicinity of this 55,000-cubic-foot storage room are 24 more, all about equal in size. Even when these 24 rooms are filled, Underground Vaults & Storage will have utilized less than 10 percent of its available space.

Security against possible theft consists of heavy bars which segregate the records storage area from the rest of the mine. The only entrance to the mine is an elevator shaft that is restricted to authorized persons. An armed attendant will be on duty inside the rooms, moreover, and records will be kept behind burglarproof gates. Individual vaults with bank-type doors will also be available within the first rooms opened. END

How and Why You Should 'Go Outside' for Executives

BY *Edward A. Raisbeck, Jr.*
Senior Partner
Thorndike Deland Associates

DESPITE the many excellent programs for executive training now in vogue, the chances are seven out of ten that your company will be "going outside" to find a key executive in the next two years. Many well-managed companies recognize this statistic and plan accordingly. Others wait hopefully for a miracle and either stall until the last minute to look outside or are forced to promote an unqualified insider.

Most American companies today provide enough opportunity for both oldtimers and newcomers. There is no reason to hide behind the soothsaying policy that "we always promote from within." Promoting from within is sometimes impossible; at other times it is plainly a poor decision.

Growth Creates Problems

Businesses often grow faster than they can develop their own executives. Growth, in addition, frequently creates the need for specialized executives that the company previously could not afford. Finding the "right" man is not easy. Although many executives may be willing to change positions, increased executive specialization can cause a shortage of the exact type of man you need. The answer to this problem lies in a carefully planned executive search.

Searching for the right executive is a time-consuming task fraught with pitfalls. Not only can you come up with the wrong man, but you can damage your firm's reputation and business relationships.

To find new executives, these two steps should be taken before the search itself begins:

Promotion from within, although an excellent policy for many purposes, does not always meet a company's needs. The chances are seven out of ten that your company will be "going outside" to find a key executive within the next two years. The accompanying article weighs some of the advantages and disadvantages of outside recruitment. Also discussed are some search methods to prevent selection of the wrong man or damage to your firm's reputation.

1. *The executive inventory:* An internal audit of executive assets on hand and executive talent required for long-range needs;

2. *The position description:* A detailed analysis of the duties to be performed.

These two steps may seem extraneous or obvious, but they are essential. It is difficult to fill positions without an accurate definition and understanding of your needs.

An example of this is a medium-sized New England company in the metalworking business that recently hired and lost two excellent young marketing directors. These men had joined the firm full of anticipation. They thought they were going to get an opportunity to apply new concepts of total marketing in a company that obviously needed help. These men did not fail; they left because they were frustrated. The president ran the company with an iron hand and really wanted an assistant to carry out his own ideas, not an idea-producing and self-starting executive. Once this fact was recognized, another young man was hired as assistant to the president. He knew what he was getting into and worked well in the new and properly understood position.

Questions to Answer

Once the decision to recruit from outside has been made, these questions must be answered: Should you try to keep it quiet? Should you advertise? Should you ask business or personal friends for suggestions? Should you use an executive search specialist?

It is essential to consider some of the possible side effects of an executive search. If the fact that you are trying to fill an important position becomes widely known, you face possible trouble from several quarters—your present employees, your customers, and even your suppliers.

Present employees naturally wonder what effect the change will have on them. Their productivity and attitude suffer during the waiting period, often unnecessarily so. Customers, too, wonder how their established relationships will fare under the newcomer. Some may even worry about the stability of your company. Suppliers may speculate on possible changes in buying policies. Another strong reason to keep the search confidential is that the position loses its allure when the opening is broadcast.

Because of these potentially detrimental side effects, most companies today decide to keep the search confidential. Using a search consultant is one way to preserve the confidential nature of the search, but companies who elect not to use a search specialist try to conceal the search by running blind ads and asking associates for help. These dangers are not always obvious to the newcomer in the mechanics of executive search.

Since your chances of finding the "right" man are best if you have a wide selection, it usually is wise to compile a good-sized list of candidates. Below are five commonly used ways to assemble a list of candidates for an executive opening. Although these methods are not all equal in effectiveness, there are times when each is appropriate.

1. *Advise your business contacts:* Your bank, advertising agency, accountant, lawyer, and business counsel can often lend additional eyes and ears to your search. They know your company and its needs.

One drawback, however, is that these people will be doing it as a favor. Despite their good intentions, they just cannot afford to give your search much time or attention, and there is the chance that complete objectivity will not prevail.

2. *Tell personal friends:* Your fellow commuters, neighbors, golf companions, and other personal friends may also offer to help you. You cannot expect them to act as references for potential candidates, however, because your friends normally will not want to endanger a friendship by going out on a limb for another friend or acquaintance. Business and personal friendship are quite difficult to mix, especially when it comes to hiring and firing.

3. *Run an ad:* Use your trade journal, local newspaper, or a national publication such as the Sunday New York *Times* or *Wall Street Journal*. These advertisements, if written appealingly and without too many restrictions, usually bring in a large number of letters and resumes. Unfortunately, there are few occasions when you can put your firm name on the ad without risk of embarrassment. You should be prepared to buy enough space to adequately reflect the executive position you are seeking to fill.

Prepare for Many Replies

And you should be prepared to receive dozens of replies from men who do not meet even your broadest specifications. You should be prepared to spend a great deal of time investigating eye-appealing answers which you ultimately may find to be an inaccurate description of the man's qualifications.

4. *Answer the Position Wanted*

DANGERS OF PROMOTING FROM WITHIN

Promotion from within is a sound policy. It fills a company's need for executives and provides a just reward for loyal and efficient service. Strict adherence to this policy, however, can be very costly and there are few examples in American business in which exceptions have not been made to such a policy. Here are some adverse effects of an inflexible program of promotion from within:

1. Stagnation of growth due to lack of new ideas;
2. Time lag in assimilating the experiences of the leaders in the industry;
3. Unrealistic compensation—both on the high and low sides;
4. Upsetting of the organization because of unpopular promotion;
5. Promotion of an unqualified executive which results in loss to the company and embarrassment to the individual.

ads: Occasionally a particularly ambitious and enterprising young man will run a provocative ad about himself. Or an executive who has been out of work for some time may place a Position Wanted ad as a last resort. Companies in search of competent executives generally steer clear of such ads, however, since really good men must be sought after and usually do not engage in an advertising campaign to publicize their availability.

5. *Ask your association, professional society, or college placement bureau:* Many of these organizations have standing committees or even paid help in this area. But they usually rely on a member's having advised them of his availability. Your potential selection once again is limited to executives who have already decided to make a change.

If you have conducted a broad search, you should come up with quite a few potential candidates—the more the better, for then you can be more selective. The field narrows rapidly, however, as you conduct initial interviews and check references.

Objectivity Is Important

It is important to be as objective as possible in weeding out candidates at this point. Personal prejudices and first impressions can be very misleading and can result in an injustice to your company as well as to qualified candidates. When you have preliminary information on, say, a dozen candidates, you should have an idea as to how realistic your compensation offer is. If you are offering $18,000 and find only $25,000-a-year men with the necessary qualifications, consider revising your offer before you discard all these candidates.

Checking references is really a subject in itself. It has become an exacting phase of any executive search. More than interview impressions, resumes, or psychological tests, references from former associates and superiors are a key source of information. A candidate obviously will not list someone who is going to give him a bad reference. You should dig deeper to find out who his superiors were, as well as some of the men who worked with him at the same level.

Although a reference-giver will often put favorable comments on paper (perhaps with a carbon copy to the candidate to reinforce their friendship), rarely will he be critical of a candidate in writing. The obvious alternative is a telephone call or a personal visit. In the hands of an experienced reference-checker, the telephone can be almost a deadly weapon. The attuned ear picks up pauses, hedging statements, flattery, and receives an overall impression far more significant than the words alone.

It also is important to know something about the reference-giver. Some former bosses never say anything bad about anyone; others seldom find anything good to say about former employees. A remark such as "He's OK" can be anything from damnation to praise, depending on the reference-giver.

Just as a checklist is helpful in interviewing, a reminder of key points is a must when checking references. Limit the telephone check to key points on questionable areas rather than attempting to get a complete rundown on all points.

As hard as it may have been to assemble a list of qualified candidates and to narrow the field down to two or three finalists, the toughest part comes in actual selection of the one best man. This decision should not be avoided. It cannot be passed off to an outside consultant or to staff specialists within the company; it usually should be made by the man to whom the new executive will report. Selection is both a responsibility and a privilege. The more complete your search has been, the easier your selection usually becomes, for you have increased your chances of finding the one man who wants to be with your firm as much as you want him.

New Man Needs Information

Another problem arises once you have filled the position. Although you may think the new man knows your company quite well, there are many things he must learn. And it is important to your investment in him—and in the search that found him—to cover all the basic ground in an organized manner. In this way you can help your company, and you can help the new man to plunge enthusiastically into his new surroundings.

Too often an outstanding candidate may fail in a new position because the company failed to orient him properly. This does not mean that you have to take him by the hand. Just provide him with the basic knowledge he will need to perform his executive functions.

One of the best aids on this point is a checklist developed by Robert L. Gardiner at Warner-Lambert Pharmaceutical Company. It lists 66 points under six major headings:

1. General Company Information;
2. Responsibilities and Authority;
3. Announcements and Introductions;
4. Benefits and Privileges;
5. Office Facilities and Services;
6. Relocation.

You will notice that this outline covers the new executive both personally and professionally in an attempt to get the "whole man" started off on the right foot in his new environment. END

Makes Every Executive . . . a Better Speaker!

TelExecutive©

A vital business tool for every company whose executives are required to speak in public.

Here's the finest *low-cost* automated prompting device ever offered! TelExecutive ends tedious memorizing, eliminates fear of forgotten lines. Look and talk *straight* to your audience with conviction; abandon hard-to-read, unconvincing typed speeches, and tedious page-turning.

The TelExecutive unit is portable and requires no special operator. The speaker can speed it up or slow it down, stop or reverse the script as he chooses. An ordinary A.C. light socket is the only power source needed.

This unit is a real boon to the executive who must speak in public on occasion . . . sales meetings, club or convention dinners, committee meetings, etc. A dispatch-type carrying case is provided along with extra spools, script paper, and editing kit.

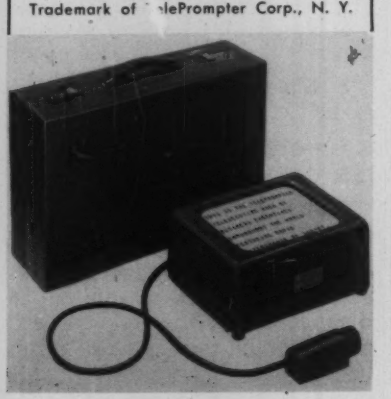
COMPLETE COST . . . **$169.50** plus shipping

For special trial offer, write, wire, or phone—

DARTNELL CORPORATION

1801 Leland Ave.
Chicago 40, Ill.

TelExecutive Reg. U. S. Pat. Off. Trademark of TelePrompter Corp., N. Y.



If buying power and prices remain stable . . .

Business to Hit New High In 1960: Professor Nolen

URBANA-CHAMPAIGN, Ill.—Although the current economic boom may level off, business will reach an all-time high in 1960, Professor R. M. Nolen of the University of Illinois department of finance predicted at the 14th annual Illinois Bank Management Conference.

"There are no shortages in productive facilities, raw material, or inventory," Professor Nolen said. "The economy can expand in 1960 on a sound basis if we can keep prices stable and maintain the buying power of the people. We have a high level of employment with people spending their incomes."

Foreign Competition Challenges

He warned, however, that challenges may arise from foreign competition, from the need for Treasury ingenuity in debt management and fiscal matters, and from popular worry about inflation.

"The Federal Reserve authorities have been holding a tight rein on the money and credit supply (which) has definitely slowed down the inflationary pressure, and business has been able to expand. The tight money policy has tended to level off the boom and we may be able to maintain a high level of employment and production over a longer period by slowing the expansion."

Professor Nolen forecast that the "money market" for 1960 will include a demand for loans of $33.5 billion or more—at least $7 billion for state and local government financing, $10 billion for mortgage financing, $3.5 billion or more for installment loans, $10 billion for corporate borrowing, and $3 billion or more for inventory accumulation.

1960 Business Outlook

What is the general business outlook for 1960? Professor Nolen outlined it as follows:

1. The economy will reach an all-time high in 1960, but the rate of growth probably will be slower, and the business boom may level off or turn downward in the latter half of 1960;

2. Inflation has been controlled in 1959, and prices should not move upward much in 1960 if the Treasury is able to balance the budget and refinance the U. S. debt from savings, and not from creating too much new money;

3. International competition has become a major factor both in our foreign sales and in our home markets. We are learning that inflation can price us out of both markets. The foreign competition will exert a strong force against price rises and may force some price cutting in those commodities meeting strong foreign competition;

Fear of Inflation

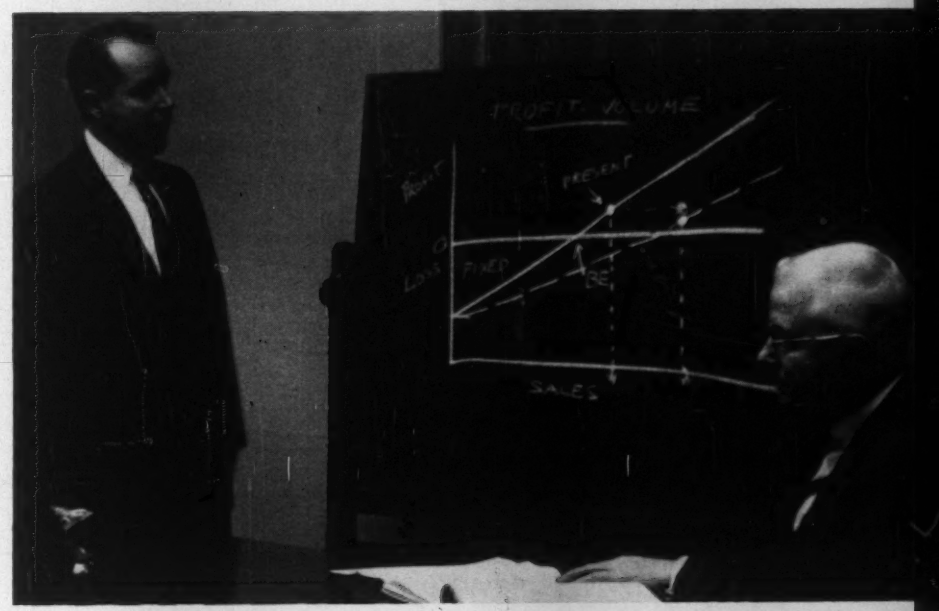
4. The fears of inflation caused many people to purchase stocks in the last year. As a result, prices of stocks have pushed much above the usually accepted relationship to earnings and dividends. The yields on many stocks are below that of high-grade bonds, and this is not likely to continue;

5. Interest rates will be forced upward until savings can come more nearly in line with the demand for funds. Present factors indicate that the demand for funds will remain high during 1960. Federal Reserve authorities probably will continue to check the expansion of credit as long as inflation threatens;

6. The U. S. Congress displayed regrettable lack of understanding of the present money market and the problems of fiscal policy and debt management of the Treasury. The new ceiling on U. S. Government bonds has not given the Treasury sufficient flexibility to manage the $290 billion debt. END

Wake Up the 'Rip van Winkles' In Your Company's Product Line

BY *Douglas P. Gould*
Vice President
Trundle Consultants Inc.



The author (left) and Robert C. Trundle use the "marginal income" concept to work out a "Rip van Winkle" problem.

MANY companies today have products and services that are "Rip van Winkles"; they have been asleep for years. These products and services can expose the corporate enterprise to new and unsuspected sources of profit. The secret is how to awaken them.

Here are 10 frequently used techniques for bringing "Rip van Winkles" back to life:

1. *Is there a new sales promotion method that is just right for the product?* A hot maple-flavored oat cereal called Maypo was introduced in New England 10 years ago by the Maltex Company. After six years of plugging the product by means of merchandising campaigns, sales promotion, and newspaper advertising, the Maltex Company resigned itself to a mediocre sales future. Maltex was acquired by Heublein, Inc., which conducted a product analysis to determine how the "Rip van Winkle" could be awakened. It was reasoned that TV was the natural advertising outlet for Maypo because children were the primary market for the cereal. A modest local spot-TV test campaign of animated cartoons directed to children and their parents was begun. It was an immediate success. In areas where the TV spots were used, sales increased 77 percent in a matter of two or three months. By expanding the TV spot commercial program in recent years, Maypo sales have spiraled and the company now has extended its distribution to all markets in the northern half of the United States.

2. *If the product won't sell, will it rent or lease?* A company that produced a high-cost, special-purpose machine found that its high cost tended to limit the market. Although the company knew there was real need for the product in the industry for which it was developed, this need was never translated into sales. On the advice of a management consultant, who prepared a market survey for the company, it was decided to lease the product. The result was fast, with rising demand for the machines, catapulting profits.

To the company that is plagued by "Rip van Winkles"—items that for years have been hard to sell—in its product line, this article can mean increased profit. The vice president of a leading management consulting firm points out 10 concrete steps that can be taken. Each is backed by case histories. Also discussed is the "marginal income" concept of accounting that enables management to secure a clearer picture of its sales and production efforts.

Leasing Accelerates

During the next few years our economy will witness a vast acceleration of renting and leasing both in the industrial and consumer fields. We are, in fact, well into a rental economy. Installment purchases are but a less-complete form of rental. Both installment and rental provide use of products without full ownership. The alert management today will look into the possibility of renting and leasing the various members of its product line. Companies such as IBM, Pitney-Bowes, and American Machine & Foundry, are but a few examples of the successful manufacturers that have already made the jump.

3. *Are there service items that you are not pushing hard enough?* It is truly amazing how many companies fail to realize the profit potential made possible through expanding the servicing for their products and selling replacement parts. Rare is the product that produces as much as 30 percent profit contribution on each sales dollar. The profit contribution or marginal income available through the sale of parts and the sale of the labor component of a service operation is frequently 60 to 70 percent of the sales dollar.

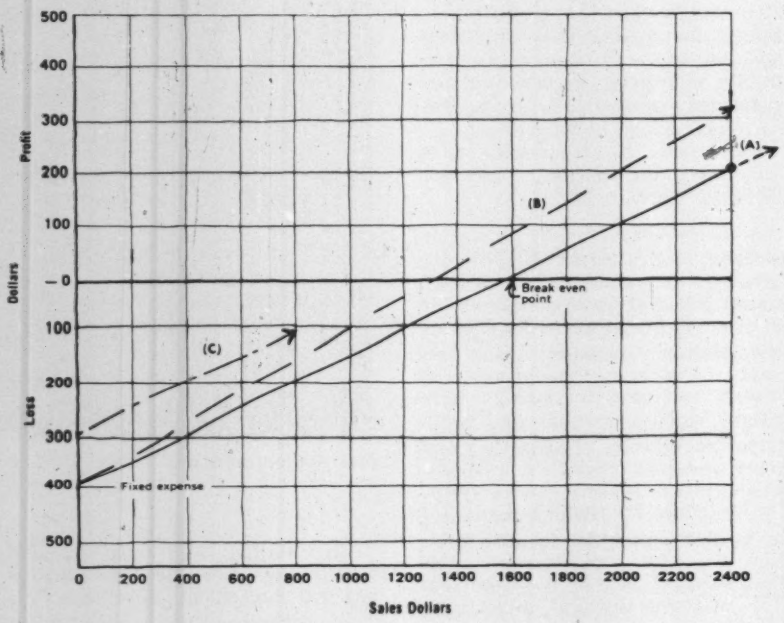
4. *Are there low-profit items which have a ready market and for which you have excess productive capacity available?* An interesting example of this was a manufacturer with excess capacity in his machine shop and foundry. Although jobbing was not his primary business, he found that a minimum advertising program could produce about $125,000 in extra volume. Though profit contribution per sales dollar of the jobbing business was less than that of the company's regular line, the company, which was already operating above its break-even point, was able to increase its annual earnings by $18,750.

5. *Can you switch to a lower-cost distribution method without hurting volume substantially?* A regional food products manufacturer had a bakery line that he sold door to door over established routes in the middle- and small-size communities. Profits were unsatisfactory because of the heavy fixed cost of the rolling equipment and the expenses of service selling. The company decided to switch to regular retail-store distribution supported by heavy local advertis-

The "marginal income" chart at the right shows the relation between profit and volume. The solid sloping line plots this relationship. It starts on the left, at the base point: fixed costs, which exist whether or not any sales are made. As sales volume increases, the line moves across the chart and up—from loss to break-even point into profit. The slope of the line is determined by the proportion of each sales dollar available (after the cost of making and selling the product is subtracted) to absorb fixed costs and contribute to profit. If 10 percent of the sales dollar is available, the line moves upward at a shallow climb. If 30 percent is available, the ascent is steeper.

The graph also shows the three ways in which profit can be increased.

First, increasing volume without increasing the percentage of margin (A) will add up to more profits by a process of accumulation. Second, raising the rate of marginal income (B) means that more of each sales dollar contributes to profit. Third, lowering fixed costs (C) means that the break-even point is reached at a lower sales volume.



Management techniques have been advanced and have been accepted so rapidly in recent years that key persons in a company have had to go home at night with their briefcases full, just to keep abreast of the one area in which they have responsibility. Each of these men has had to become familiar with the increasingly complex language that has developed in his own special field. Conversely, all of them have had less time to keep up on the language changes in other fields with which they must coordinate their efforts.

When a project to reduce costs of a product is initiated, for example, the problem of communication becomes ridiculously difficult.

The sales manager may say "If you would let me cut my price from $1.75 to $1.57 I could get 20 percent more business. We might lose money on it, but at least it would pay some overhead."

The vice president of manufacturing may say, "If you let me spend $150,000 on new machine tools I could cut our direct-labor costs by 10 percent."

The chief engineer may say, "If you let me redesign the product so that we eliminate some of the fancy features I could reduce the cost by 20 percent. What if we do lose a little business, we'll be better off."

Let's assume that the company holding the cost-cutting conference used the "marginal income" approach.

In that case the sales manager would say to the group, "If we cut our price 10 percent, we will raise our break-even point by $50,000 a month, but the increased sales will increase our profits by $28,000 a month."

Or the vice president of manufacturing would say, "If we spend $150,000 on new machine tools we will raise our fixed expense $1,000 a month. This will reduce our direct-labor cost 10 percent, however, which will decrease our break-even point $40,000 a month and increase our profit by $19,000 a month."

Or the chief engineer would say, "If I redesign to eliminate the fancy features, I can reduce the variable cost by 20 percent. This will lower our break-even point by $225,000 a month, and even if we lose 25 percent of our business we will still make $50,000 more profit than we're making now."

ing programs. The fixed cost of the bakery operation was reduced and profits greatly increased, even though volume declined somewhat.

Are There New Uses?

6. *Are there new uses for your products?* A manufacturer of white cotton gloves traditionally sold his products to "blue bloods" and undertakers. Analysis of the market, however, revealed that such gloves could be used to advantage by inspectors of precision parts in the electronics and other industries where perspiration acids affected the final quality of the product. Similarly, industrial goggles are used by many home workshop hobbyists, chicken wire is extensively used by florists, and high-fashion fabrics are purchased by makers of automobile seat covers.

7. *Can an old product be modified to meet current demand?* A manufacturer of workshoes (high-type shoes with several inches of lacing) was facing a declining market. Workers no longer found conditions that fully demanded the use of cumbersome shoes. The product seemed fated to go to sleep. Analysis of the market, however, showed that there was a demand for a well-designed workshoe with safety toes that looked like a dress shoe. It was also determined that workshoes were difficult to sell through traditional shoestores, but that vans carrying complete lines to industrial plants would be more effective. The changes were made and both sales and profit improved.

8. *Can the cost of a product be substantially reduced and additional markets developed?* White Sewing Machine Corporation is an example of this particular method. Its products were very costly to manufacture in the United States. As a result, a considerable part of its market was lost to Italian, Japanese, and German manufacturers. White decided to stop most of its domestic manufacturing operations and to import foreign machines for marketing under its own label. By so doing, it prevented a complete product line from turning into a "Rip van Winkle."

9. *Can byproducts of your operation be sold more profitably?* A company in the soap business had a high inventory of red oil, a by-product. This was sold as a by-product, with very modest profit return. The company discovered that a fast-selling work soap in the South was being used by women for shampooing. This soap had a higher content of red oil than other soaps manufactured by the company. As a result, a shampoo having a high red oil content was developed and marketed very profitably in several southern states.

10. *Is the current climate of opinion favorable for introducing a product that failed in the past?* The matter of timing the introduction of a new product has not always been given proper consideration. There are a number of situations where an idea was good, the price was good, the quality was good, but the time was not quite right. Some of these products can be dusted off, re-engineered, and repackaged to provide an interesting "new product." A surgical dressing manufacturer some years ago experienced a bad failure in a new type of self-adhering bandage. The product was repackaged and promoted recently. It sold like hot cakes. A number of automobile manufacturers failed in their attempt to introduce "economy autos" after World War II. The public, pent up with the rigors of war, wanted luxury, not economy. The success of these small cars today indicates favorable market conditions.

Two Ingredients Required

The salvaging of "Rip van Winkles" requires two ingredients of effective management: good cost accounting and good market analysis.

Accountants in many companies, following conventional procedures, often fail to break down expenses into fixed and variable components, and to set up profit-volume relationships. This makes product decisions difficult. Management must know the rate of profit contribution by product or product group as well as by market.

Advertising executives, for example, often boast of an advertising program's contribution to increased sales or to an increased share of the market. But it is far less common to talk in terms of advertising's contribution to profit. Many companies blindly devote their advertising to the promotion of items that may provide substantial volume but little or nothing in the way of profits.

In recent years, many companies have turned to the use of the "marginal income" accounting technique (see chart on facing page). This method is a tool of control and analysis that brings into focus such factors as fixed and variable costs, sales volume, price, and break-even points.

In addition to effective accounting practices, the salvaging of "Rip van Winkles" requires that management have information about these factors: sales potential of new markets for its customers, nature and location of new customers for the product, amount of profit contribution that might be expected from each class of customer, buying motives of the customers and appeals that will satisfy these motives, best channels of distribution to reach these customers, and type of competition that might be faced in selling to these customers.

Within this framework of fast-moving, constantly changing market conditions that face most companies, "Rip van Winkles" offer the opportunity for increased profit at much less cost and time than is generally required for new products. END

Minnelli Tells of Cycles

PITTSBURGH—Corporate management should employ long-range forecasts which reflect cyclical trends in planning company growth, instead of the usual "straight-line" economic forecasts which have great limitations, stated Frank P. Minnelli, director of planning of the Yale & Towne Manufacturing Company, in an address before the annual conference of the Controllers' Institute of America.

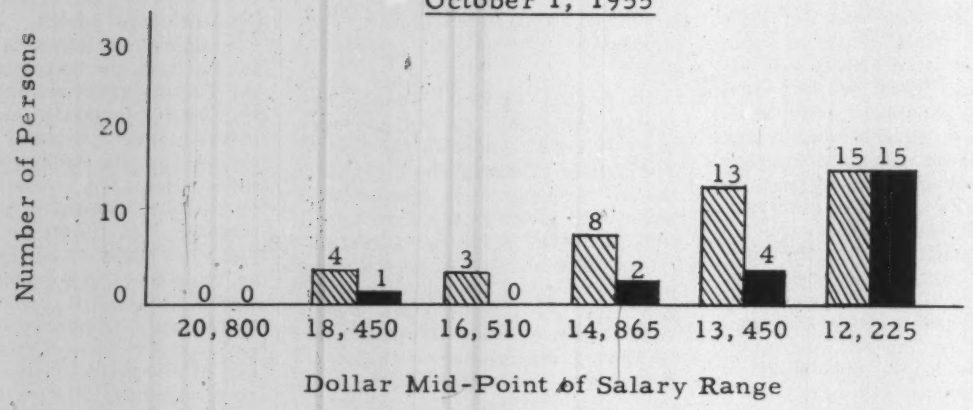
The Yale & Towne executive pointed out that straight-line projections do not conform to the curves, peaks, and valleys of economic conditions which "often occur in regular cycles," and that they are "only correct at the two points where the cycle crosses the straight line on the ascendancy and, some years later, on the decline."

Minnelli stated that accurate cyclical forecasts make it possible for management to take corporate action at the most advantageous point in the cycle. Inventory retrenchment, introduction of new products, and plant acquisition and expansion were among the examples he gave of corporate action which should be initiated at certain specific points in the cycle. END

CHART I

Number of High Level Manager and Technical Specialist Positions*

October 1, 1955



* Excludes General Manager and Staff

How to Keep

BY *D. R. Lester,* Manager
Professional Personnel Relations
Flight Propulsion Laboratory Dept.
General Electric Company

TECHNICAL talent employed by a predominantly engineering business enterprise contributes in large measure to the success or failure of the concern. For this reason, it is important that the abilities of technical persons be managed wisely and well. In most such firms this objective is reflected by policies and practices directed toward attracting, rewarding, motivating, and retaining topnotch people who contribute to the growth and prosperity of the business. This is true of the Flight Propulsion Laboratory of the General Electric Company.

One of the most important ways to achieve this end is a well-conceived compensation policy. Intangible rewards are, of course, tremendously important to a professional man in making his work satisfying. But it is necessary to focus attention on the need for challenging and financially rewarding work, without which these intangible remunerations are likely to be regarded as so much window dressing. One of the principal problems that a business faces in formulating a compensation policy is the decision concerning the value of specialized technical work in relation to managerial work.

600 Engineers Employed

David Cochran, who is general manager of the Flight Propulsion Laboratory Department, has tackled this problem. In order to view his approach in proper perspective, it is necessary to know that the Flight Propulsion Laboratory Department is a highly technical business that employs more than 600 engineers; and whose product is advanced technology related to all forms of extraterrestrial propulsion systems. Mr. Cochran is responsible for establishing the personnel policies and practices that guide the management of the department's engineering force.

Like many executives, Mr. Cochran became concerned about the loss of creative engineers who abandoned specialized technical positions for more lucrative managerial positions. In the process, the business often exchanged a competent technical man for a mediocre manager, with the resulting double loss to the business. The obvious alternative to this situation was to provide more challenging, equally rewarding career opportunities as a specialist. To do this

involved looking at the value of work in a critical way and defining the needs of the business. Mr. Cochran felt that "risk" and delegation were important considerations.

"Risk" for Specialists

By this he meant that technical specialists should be delegated responsibility for technical decisions and placed at "risk" by their managers relative to the results obtained. This policy stems from the belief that, as one goes progressively higher up the managerial ladder, the risks and opportunities to perform, as well as the rewards, grow accordingly. It is logical, then, that to make the compensation for specialist positions equally attractive, it is necessary to provide the same risk and opportunity. This is the policy of the Flight Propulsion Laboratory Department.

"The discontent of engineers in America is a fairly well known phenomenon among managers and personnel experts. Surveys even suggest that engineering employees may constitute the most dissatisfied group in industry. The turnover rate of from 10 to 20 percent a year and the formation of 'engineering unions,' which now claim to bargain for 12 percent of employed engineers, indicate the need for analyzing reasons for this discontent."

—Hilbert Schneck, Jr.
Assistant Professor of Mechanical Engineering
Clarkson College of Technology

Mr. Cochran and his staff seek to accomplish this end by designing positions for engineers and scientists to meet the needs of the business, and to advantageously use the time and talent of professional persons in a way that permits them to make important contributions to the success of the business.

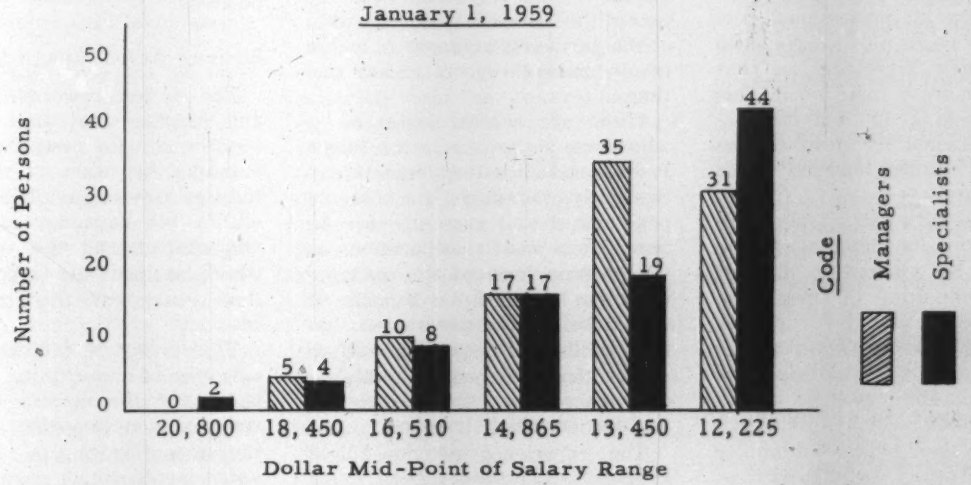
Positions must fill needs essential to a business. Otherwise, no real gains to either the business or the

Engineers Happy

CHART II

Number of High Level Manager and Technical Specialist Positions*

January 1, 1959



* Excludes General Manager and Staff

individual will result. Further, the price tag attached to these positions should reflect their value to the business and provide recognition, reward, and growth opportunities that will attract and motivate gifted technical persons.

Provide Career Opportunities

Since 1955, when this policy was implemented, substantial progress in providing career opportunities for technical specialists has been made in the Flight Propulsion Laboratory Department. Charts I and II indicate how the salary distribution has changed since that time.

Because the technical population in the department and the character of work performed remained fairly constant during this period, this difference represents true growth. Naturally, those skilled engineers who benefit from such opportunities have a responsibility to direct their energies toward the contributions needed to attain business goals. They also have a responsibility to demonstrate high standards of professional integrity and competence by active participation in professional groups and through writing for technical publications. It is their responsibility to lead, guide, and teach less-experienced engineers in the field of their particular specialization.

Technical Advances Not Enough

Nor is it enough that technical advances be made by such persons. They must assume, as well, the responsibility for clear communication of their findings so that these are understood and fully considered. Like all professional persons, they must also continue to increase their knowledge so that they can improve their work. This includes seeking out and developing the personal technical competence that future business needs require.

To make such a policy truly effective, certain fundamental principles must be adhered to. One of the most important of these is to delegate responsibility for professional work so as to take advantage of the increased competence and contribution that result as a man grows in depth and breadth. Obviously, corresponding accountability should accompany such delegations.

For this reason, it is important to design specialist positions that place the responsibility and accountability for difficult technical decisions at the organizational level where the competence and information to make these decisions exist. This certainly should include participation in the formulation of the objectives, plans, and programs of the organization. To really promote understanding on the part of both man and manager, this agreement on responsibilities must be formulated in a written position description that will answer the questions as to what the job is, how it is to be measured, and when it is considered well done.

If these fundamental principles are followed in delegating responsibility, positions will increase as far as their risk content and value to the business are concerned. It must be understood that engineering or scientific positions may well increase either in depth or breadth over a period of time and thus result in corresponding changes in the value of the work performed. For instance, a compressor aerodynamicist may gradually acquire the competence and knowledge to permit him to act as a consultant in the broad field of aerodynamics.

Must Increase Contribution

Specialization, therefore, involves not learning more and more about less and less, but rather increasing one's knowledge and contribution, both in depth and breadth. Consequently, some positions may retain the same basic function and still increase in value to the business over a period of time by virtue of the increased scope and impact of the incumbent's contribution to the business. This may well equal or exceed the value of the contribution of the particular manager to whom the incumbent reports at any one time.

There are several instances in which this is the case in the Flight Propulsion Laboratory Department. Obviously, therefore, the value of positions should certainly not be based upon such considerations as the position level of the manager to whom the position reports. It should be clearly understood that it is possible for a specialist technical position to be valued as high—or higher—than the managerial position to which it reports.

The experience of the Flight Propulsion Laboratory Department suggests that managers accept and welcome the opportunity to increase the competence of their staff by designing challenging technical positions. At the same time, it is sensible to perceive that practical economic considerations related to the needs of the business may limit the value of the contribution and the work of any skilled person.

Diminishing Returns

There is a point in time, consistent with the theory of diminishing returns, when the contribution that an individual can make (no matter how capable he is in a particular field of specialization) may not yield returns to the business in a proportion that justifies compensation beyond his current level. A man, no matter how expert in the design of jet nozzles, is worth just so much money. This is a fact of life that most men, either managers or specialists, must one day face.

The number of specialist positions at a given time depends upon such variables as the availability of talent, the needs of the business, the delegation of responsibility that prevails, and the contribution of such positions to the success of the business.

The philosophy that underlies this policy does not mean that equal numbers of manager and specialist positions at each compensation level will exist. It does mean that opportunities have grown—and will continue to grow—so that competent specialists may look forward to a satisfying and rewarding career that will offer opportunities for recognition, compensation, and professional stature comparable to their increased contribution to the business.

Basis of Actual Rewards

The actual rewards—monetary and psychic—that any individual realizes, are the results of the advantages he takes of the opportunities that are available and are within his capacity, competence, and desire; and the manner in which he meets the responsibilities that accompany these opportunities.

This policy is dedicated to the existence of opportunity. Since this is one of the reasons why men strive, it is an important consideration in contributing to a well-motivated professional group seeking to foster the success of a business enterprise. END

Must Understand Engineers: Finke

BOSTON—A business executive's skill with people, or his lack of it, can be the deciding factor in the long-range future of an engineering organization, an electronics computer manufacturer stated here.

Walter W. Finke, president of the Datamatic division of Minneapolis-Honeywell, said that if engineers are chronically frustrated and discontented—as a survey he cited indicated they were—then the blame in most cases lies at management's door.

"After all, it is we who establish the ground rules under which they work and we are responsible for the environment in which they do it," he told the New England Radio Electronics meeting at Mechanics Hall.

Acknowledging that this atmosphere was due in part to the "semantic curtain" that falls between professional people and nonscientific businessmen, he recommended four R's of human relations conduct as a framework with which to improve internal relationships.

They are an awareness of an employee's need for: Recognition, Respect, Responsibility, and Reward.

Myth of "Engineering Mind"

Finke said that although these were obvious and elementary, management had developed a mental block in this direction, largely because of slavish adherence to the myths and folklores about engineers and the so-called "engineering mind."

Chief among these are the mistaken ideas that engineers are antisocial, that they value professional prestige far above economic stature, or that they are serenely indifferent to the "commercial" problems of industry.

"Not so," said Finke, pointing out that "the pure engineer or scientist, with the ivory-tower complexes that might have justified such criticism, is today virtually a museum piece in industry." He said his own experiences with the parent firm, Honeywell, where one employee in ten is either a scientist or an engineer; and at Datamatic, where the ratio is one out of three, have shown that scientific people have quickly grasped the importance of such mundane considerations as cost, marketability, and customer desires.

In his opinion, the current furor over science and research has brought home the point that much improvement is needed in the relationships between nonscientific management and the professional people.

Another critical element in this picture, he said, is the need to employ scientific and engineering personnel at the highest professional levels. Routine work is depressing to persons who have achieved professional status by reason of personal ability and extended years of study.

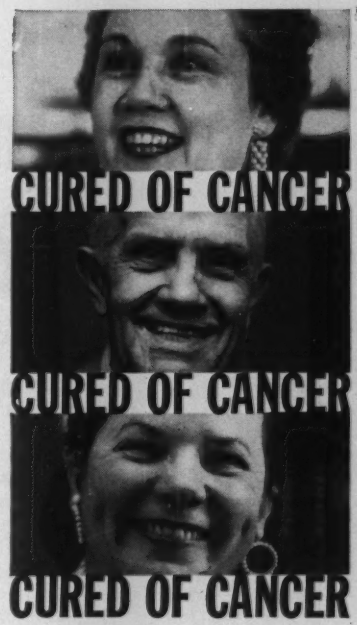
Here again, the solution lies in very rudimentary management methods: better planning and evaluation of work and intelligently applied personnel policies, he said. END

Engineering Recognition Sought

CHICAGO—Recognition of the research scientist and engineer as an individual is the first task of management in the effective utilization of its personnel, according to Dr. Christopher E. Barthel, Jr., assistant director, Armour Research Foundation of Illinois Institute of Technology.

Barthel, speaking in a panel session at the Conference on Efficient Utilization of Engineers and Scientists, said that today's necessity of integrating the scientist into a team places a heavy responsibility on management to develop its policies to maintain the dignity and productivity of the individual, yet to establish objectives, plans, and rules of operation to stimulate the team effort.

Increased use of "gimmicks," job classifications, and the like, in Barthel's opinion, make only limited contributions toward improving research performance. He concludes, "there is certainly no substitute for judgment, understanding, and personal knowledge of the creative individual." END



There are a million of them! Untold numbers of these men and women actually owe their lives to information they obtained from the American Cancer Society.

Fighting cancer is our business. We have all kinds of ammunition: posters; exhibits; film strips; easy-to-understand folders; hard-hitting, dramatic films.

They're free for use in your office, your club, at your PTA meeting, your church socials, your community center. They're all designed to alert you, your family and your friends to facts about cancer which can mean the difference between life and death.

Call or write the Unit of the American Cancer Society nearest you. It's stocked with ammunition that could save *your* life.

AMERICAN CANCER SOCIETY

How Employers Can Detect The Alcoholic's Eight Stages

This article is a condensation of a book that sprang from the Du Pont Company's success in rehabilitating alcoholics among its employees. Written by Dr. C. A. D'Alonzo, assistant director of the Medical Division, it is a guide to control of alcoholism by individuals and organizations. *The Drinking Problem and Its Control*. Gulf Publishing Company, Houston 1, Tex. 130 pp.

ALCOHOLISM has been called the Nation's fourth or fifth most serious public health problem by the U. S. Public Health Service.

To American business, however, the problem is even more severe, because five out of six alcoholics are males. Obviously, males hold most of the managerial and professional jobs. A recent study in the *Quarterly Journal* of the "Studies of Alcoholism" disclosed that almost one out of 10 drinking male adults was an alcoholic.

No one can become an alcoholic, however, without the first drink. That initial drink is the one which sensitizes, so to speak, the body; so that future drinks create a different effect on the alcoholic than they do on the majority of other people. This future victim will react adversely in some unexplained and undetectable way. This notion is quite in keeping with the concept of hypersensitization.

Some feel that one must possess a rather unique and characteristic type of personality, or psychiatric pattern which, when mixed with the adverse reaction to alcohol, creates the alcoholic. Whatever the explanation, it is a fact that 3 to 6 percent of people who drink do become problem drinkers. Some make the transition from controlled to uncontrolled drinking with great haste. For others it is quite a slow process, with various phases extending over a period of years, and with the problem of alcoholism appearing gradually in middle or late life.

One study revealed that more than 80 percent of alcoholics in the United States are under 50 years old and that one in four is under 35. However, this age distribution is quite variable from study to study. It is important to realize, though, that anyone of either sex can become an alcoholic at any age.

Establishing the onset of problem drinking is quite difficult because the alcoholic can often avoid detection for many years. In some instances his family and friends will hide and "protect" him from detection. This is indeed unfortunate because the sooner any disease is detected and cured, the better and safer the victim will be. The alcoholic is no exception. Nor is he an exception to the fact that prevention is always better than cure. Early detection and salvage can prevent permanent damage to his brain and body.

Phases Are Not Definite

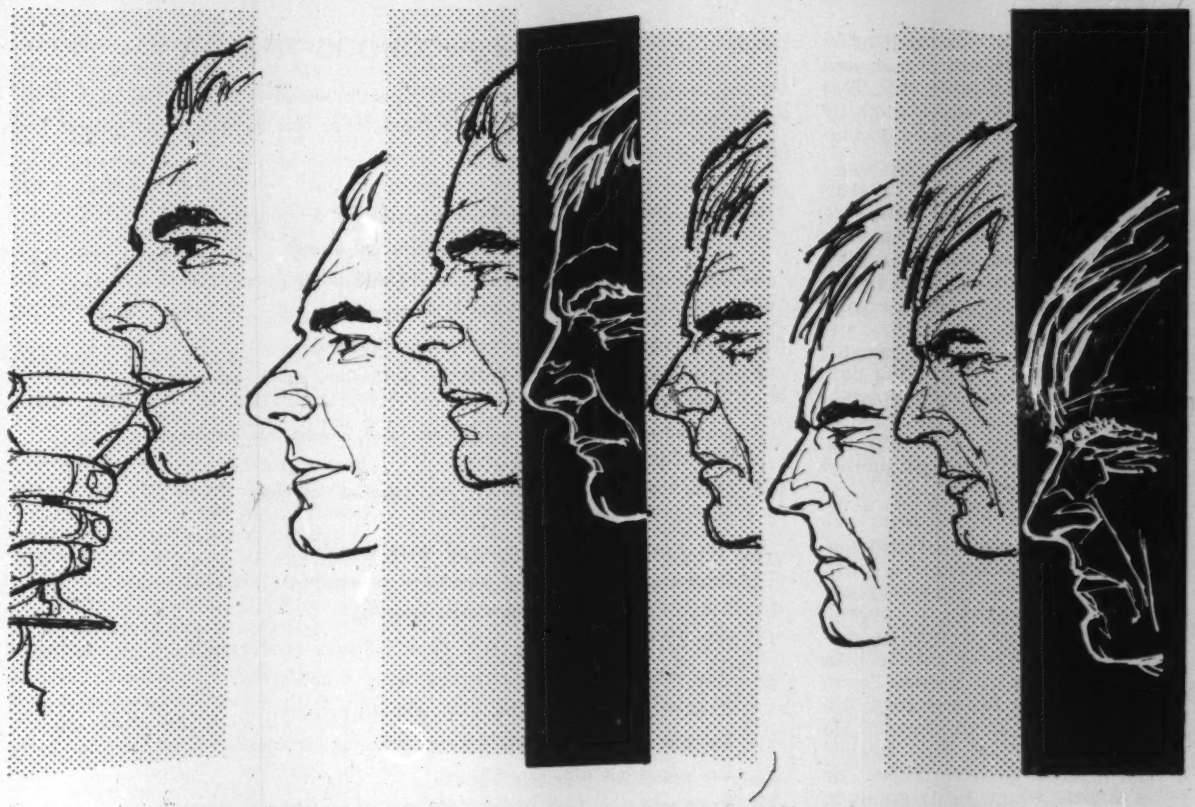
In spite of these variables, we have attempted to delineate the onset and progression of problem drinking into phases. These phases are never definite. The problem may seem to appear suddenly and fit just about any place in the theoretical list of eight phases. Other instances appear to progress regularly through the group of phases. In our work with problem drinkers, however, we have observed these eight phases or stages.

Stage 1. Social Drinking: There is little to distinguish the future alcoholic from the ordinary social drinker at this phase. Social drinking is the repeated equivalent of the so-called first drink. But without this first drink no one can become an alcoholic. This phase is literally a seeding ground from which alcohol will serve as a refreshing drink, an agent to create friendliness, neighborliness, and relaxation on the one hand; or lushness or problem drinking on the other. This phase is one of initiation or indoctrination. Most people will spend their lives within this classification. To others it will simply serve as a predecessor to the other stages.

After repeated social drinking, the future problem drinker may begin to exhibit signs of future behavior. Perhaps he will react a bit more violently to alcohol and possibly he will begin to show the pattern of repeated spiking of his drinks. He may seek the one extra drink above the amount needed to satisfy everyone else, he may resort to morning drinking, and start to drink socially more often. The dividing line in this phase, however, is not pronounced. It is quite impossible in this stage to pick out the lush drinker from the non-alcoholic.

Social drinking, of course, can be harmless. In fact it usually is. But it can lead to Stage 2, "Excuse Drinking."

Stage 2. Excuse Drinking: The problem drinker has now begun to notice that drinking will materially



lessen the stresses and strains of living, particularly those of his family, job, and social contacts. This period may truly serve as the first accurate warning signal. It tells the potential victim that now is the time to stop if he is to keep the problem under his personal control. For alcohol has now become a drug to dissipate his fears and anxieties. The relief is so noticeable to him that he begins to create and fabricate stresses, strains, and fears just to experience the relief.

So-Called Regular Guys

Some individuals in this stage are the so-called regular guys. They feel a need to have the brakes taken off a bit and may hide—or try to hide—emotional disorders under a blanket of alcohol. Alcohol may be for them a temporary crutch which they try to make themselves believe is a necessary item. These individuals often fool themselves about their need to relax because of the heavy tensions of their station and position.

Others in this category are the lush drinkers. These are the individuals who do not necessarily have to drink for social rewards, nor are they compelled to drink because they have alcoholism as a disease or addiction. They drink because they want to, to drown their troubles, or intentionally to cover their weaknesses. Members of this particular group are not driven to drink by disease, nor do they find it difficult to forego drinking by compulsion. Rather, they choose to drink by free choice. Drinking for them is lushness. They feel they can solve, or minimize, their problems by simply submersing them in an alcoholic pool. Getting drunk is for them not an accident; it is purposeful. The trigger now is set as they drift into the next stage.

Stage 3. The Turning Point: Now the problem drinker finds himself drinking much more frequently and needs increased amounts each time to obtain the same effect. He has developed an increased tolerance for alcohol, so the effect becomes more and more difficult to obtain. His body has developed some resistance, which is met by increasing both the amount and the frequency of his drinking. He is truly at a turning point not only with alcoholism but with his life as well, for few things are as capable as alcohol of adversely revamping a life.

One of the characteristics now is that the victim becomes a deceitful personality, constantly lying about how much he is drinking. He becomes an actor. Anyone who questions or disputes him is maligning and abusing him. The will has now weakened and Stage 4 arrives.

Alcohol Wins Over Will

Stage 4. Alcohol Wins Over Will: The amount of alcohol consumed has increased steadily although more is needed to obtain desired effects. The restraint of the will has decreased at the same time. Alcohol has won. The problem is now out of control and the victim should look outside himself for help. He believes he is past his "point of no return." Alcohol has become his master, and he its slave. His tolerance for the amount he can drink is increasing as is his reserve in hiding. His defense is badly weakened. Now is definitely the time for family, friends, clergy, employers, or others to step in; because at this point the victim usually can do little about his problem without help from others.

Stage 5. Cover-Up Stage: At this stage the victim is sure he is a slave to drink, and the need here for a helping hand is more indicative and positive. Because it is increasingly difficult for the victim to do anything about his problem, he becomes greatly discouraged. One alcoholic aptly told us that

at this stage came "the realization that I couldn't live with liquor, and I couldn't live without it." This discouragement is aggravated by the fact that the alcoholic fundamentally is lonely.

Stage 6. Worry Stage: The alcoholic has now become quite accustomed to the idea that he is a slave to liquor and it worries him. This serves to increase his anxieties and fears, and leads to greater discouragement. His weaknesses become more apparent. The amount and frequency of his drinking now are such as to awaken detection despite all his efforts. He tries an array of sedatives, tranquilizers, and vitamin pills, but their limited usefulness only annoys him.

Stage 7. Phase of Despair: His drinking now is almost continuous and in large amounts. His body has been damaged. His bleary appearance is impossible to conceal. He realizes he has to quit—somehow! No one has been able to help him. He begins to despair even more that he is beyond help. He literally "throws in the towel." He may be picked off the streets, arrested, jailed, or hospitalized; he never knows where he is going to awaken. He is pathetic. Some alcoholics become salvaged here; others drift into the next phase.

Rock-Bottom Phase

Stage 8. Rock-Bottom Phase: All the symptoms of the other stages have increased. He has hit rock bottom. There is nowhere else to go, and only two possibilities remain: (1) to keep drinking to invalidism and death, or (2) to return to complete sobriety with whatever physical or mental recovery that is possible. It is unfortunate—yet true—that many alcoholics seem to have to go through this phase before seeing the light to recovery.

Once the alcoholic has reached any of these advanced stages, probably the most difficult part of rehabilitation is to get him to admit that he has a problem. It seems very peculiar that in this sickness everybody runs away from help. When the alcoholic is worried about cancer, tuberculosis, or any other illness, he will seek the best medical assistance. But with his problem of drinking—which is usually the major problem—he invariably runs from anyone who tries to help him.

He is curt, often very rude to people in his family or close friends who even suggest that he is drinking too much. He lies about his condition, finds all kinds of excuses, puts emphasis on the fact that other people drink more than he does, and assumes a "why pick on me?" attitude. At this stage it is imperative to make the first approach a positive one. For even if the alcoholic is not ready to admit or accept his condition, at least you have planted a good seed—so that when he is ready, he will have something to come back to.

The most convincing salesman in getting through to the alcoholic is John Barleycorn. No relative, boss, or friend ever hurt an alcoholic as much as he hurts himself.

Never speak to an alcoholic while he is drinking unless the condition is so bad that he does want help. Then, of course, it usually is advisable to put him under a doctor's care or in a hospital. That is the psychological stage to reach many people. They are there for alcoholism and may be reached with their defenses down. After the alcoholic has been dry for a few weeks he begins to feel that this time it is going to be different.

Actually it is not too hard to stop drinking. Many alcoholics stop whenever they go broke, get very sick, or are put in jail. The need is to find a way to "stay stopped." But, until the alcoholic wants to help himself, no one can help him. It is important in talking to the

TEST FOR ALCOHOLIC TENDENCY

In order to determine whether or not a person has drifted from "social drinking" into problem drinking, it is well to check these test questions and answer each of them truthfully.

	YES	NO
1. Do you lose time from work because of drinking?	____	____
2. Is drinking making your home life unhappy?	____	____
3. Do you drink because you are shy with other people?	____	____
4. Is drinking affecting your reputation?	____	____
5. Have you ever felt remorse after drinking?	____	____
6. Have you gotten into financial difficulties as a result of drinking?	____	____
7. Do you turn to lower companions and inferior environment when drinking?	____	____
8. Does your drinking make you careless of your family's welfare?	____	____
9. Has your ambition decreased since drinking?	____	____
10. Do you crave a drink at a definite time daily?	____	____
11. Do you want a drink the next morning?	____	____
12. Does drinking cause you to have difficulty in sleeping?	____	____
13. Has your efficiency decreased since drinking?	____	____
14. Is drinking jeopardizing your job or business?	____	____
15. Do you drink to escape from worries or troubles?	____	____
16. Do you drink alone?	____	____
17. Have you ever had a complete loss of memory as a result of drinking?	____	____
18. Has your physician ever treated you for drinking?	____	____
19. Do you drink to build up your self-confidence?	____	____
20. Have you ever been to a hospital or institution on account of drinking?	____	____

How many of these questions did you answer "yes"? No one can settle for you, by a questionnaire, the question of whether you are an alcoholic. But if you answered even one question "yes," you will want to watch yourself. If you answered three or more "yes," or if you can notice a drift to the affirmative, you could have definite reason to worry. If so, you may want to consult your telephone book for the address of your local Alcoholics Anonymous Chapter, and arrange to attend a meeting.

alcoholic to get across the idea that there is a difference of day and night between an alcoholic and a drunk. Immediately after the alcoholic stops drinking, he is a somebody. He has his ability, he has his drive, he has willpower and, in most cases, he has character. The drunk, on the other hand, has nothing to start with; he is a lazy person, a person with no ambition or character.

Alcoholic Is Not Lazy

The alcoholic is anything but lazy. He is overambitious. He is a perfectionist. He is an idealist. In the ranks of Alcoholics Anonymous there are brilliant businessmen, writers, actors, lawyers, judges, physicians, psychiatrists, ministers, and priests who are all alcoholics. You must make sure that the potential alcoholic understands that this is a sickness, but a sickness that only he can handle.

Many alcoholics, when they are not drinking, are very wholesome people. As a rule they are usually shy, very self-conscious, and may have an inferiority complex. But they often have ability. It is hard for the active alcoholic to see his condition, to know his ability, to appreciate the things that he has done very well, or to admit that there is one area of his life over which he has no control.

The great success of AA has been that one recovered alcoholic has a line of transmission to another. The uncontrolled alcoholic is the biggest liar in the world. He rationalizes all his errors and continually finds excuses. Take, for instance, the case of one alcoholic whose wife had left him. A member of AA said to him, "I understand you've got quite a drinking problem."

"Hell no," the alcoholic replied. "I can get all I want to drink. My problem is paying the rent."

That is a typical answer of many active alcoholics.

The cardinal point to remember in trying to reach the potential and actual alcoholic is that he is the most unhappy person in the world. You should make use of this knowledge. In many instances he has lost his self-respect and his pride. He hates even himself. The alcoholic sees the writing on the wall months or years before he will ever admit it to himself.

Probably the most important thing for a person to have when talking to an alcoholic is a deep feeling of understanding. A good approach is to tell the alcoholic very frankly, "I'm not trying to make you an alcoholic—but maybe I can help you from becoming one."

In most cases, a person will relax at that thought. The next argument, particularly in industry, is that you are as much interested in the individual's health as in his job, his position, or his length of service. It also should be made clear that his company is likewise interested in his job. After all, his organization does have an investment in him, in his years of experience, in his know-how, and often in his loyalty and past experience. The adviser's chief interest lies in the health, sanity, and life of the victim. One organization often tells the alcoholic it would rather have him lose his job than his life.

You can never tell how a man will react to the suggestion that he is becoming an alcoholic. Sometimes he will break down and cry. Sometimes he will try to laugh it off. And sometimes he will get mad.

Avoid Word "Alcoholic"

It is important when first speaking with a potential or actual alcoholic to leave out the word "alcoholic" as much as possible. That word seems to scare or freeze up a lot of drinkers. Many people associate the word with the worst kind of drunk. Often it is best to use the words "problem drinker"; or say, "is drinking a problem with you?" The first words of the suspect are frequently, "I want you to know that I am not an alcoholic."

There is a constant need to help the alcoholic save face. He has already hurt himself. He usually is a very lonely person. He may have a large family and be active in his community and church. Yet, in himself, he is desperately lonely. And that needs to be brought out. He needs to find someone with whom he can open up—can share with and talk things over with. He needs to know that he is needed and wanted, and that he is appreciated.

The thing that seems necessary to make the problem drinker want to stop drinking, is a shock. This shock may be likened to that kind of electrical shock used for years by psychiatrists to alter the process of thinking. It is a metamorphosis the alcoholic must undergo from problem drinking to normal living.

There are several factors that seem to create this shock:

1. *Reading:* The simple process of reading this article, or any book on alcoholism, could lead the alcoholic to identify himself with the problem. This identification could start him on the road to sobriety.

2. *Identification:* By identifying himself with an alcoholic friend who has suffered death or illness as a result of his drinking, the alcoholic may suddenly be reawakened to his problem and to his need for reforming his way of life.

3. *Fellowship:* Sufficient shock may occur when an alcoholic watches the metamorphosis of a fellow drinker to sobriety. Envy may cause him to stop drinking.

4. *Religion:* Religion—in or out of AA—has unquestionably saved more drunks, lush drinkers, excessive drinkers, and borderline cases than any other factor.

5. *Alcoholics Anonymous:* This group has saved many problem drinkers with its 12 steps to recovery and its fellowship.

Other remedies include drugs, chemicals, psychiatric or institutional care, and hospitalization. But these are last resorts for advanced cases. Early recognition of the alcoholism problem and prompt action to cure it are the best ways to remove this economic loss from American industry.

Best Cure Is Prevention

As with other diseases, the best cure for alcoholism is prevention. It is often far easier to prevent a disease than to undergo the expensive and heartbreaking efforts to cure it. More people would take a saner approach to the problem by comparing and identifying themselves with the case histories, particularly in the very early stages. This often opens more doors than having someone else analyze the alcoholic.

Some industrial firms certainly need a push in this respect. It is often said that "our company has no alcoholics." This means that they either are not looking for the problem or are hiding from it. For in any company, and at any time in which you have people and alcohol, you have the problem of alcoholism. END

Operator uses Burroughs F 1500 accounting machine at Vim Electric.

EDP System Handles Expenses, Payroll

BY *Burton R. Sax*
Controller
Vim Electric Company

EXPENSE control, that vitally important accounting area that shows where every penny is being spent, has been developed into a rapid, accurate, economical system at Vim Electric Company, Inc., appliance dealer in New York City. This new system has produced the following benefits:

1. Figures on expenses are up to date and always available to management;

2. The system is so simple that employees understand it readily;

3. The annual budget for accounting work in this phase of operations has been lowered from $100,000 to $30,000, an annual saving of $70,000.

Fingertip Data Needed

Since the company opened its first shop on Cortland Street almost 40 years ago, Vim has grown to a large organization with 62 retail branches in the New York-New Jersey Metropolitan area. This growth and expansion led to the retention of an outside firm to prepare reports and handle other accounting chores. Management felt, however, that such an arrangement did not provide needed fingertip information. With the much publicized progress being made in the field of data processing, management sought more efficient methods for handling expense figures.

The result of this search was the development of the present system and the installation of a Burroughs F 1500 accounting machine.

Under the new accounts payable procedure, when an invoice is received from a supplier it is audited, verified, and sorted alphabetically by department. Vim has set up 14 departments and the flow of work immediately shows the expenses of each.

The machine operator then updates the voucher part of a voucher check, an accounts payable ledger, and a purchase journal in one operation. This is merely a matter of indexing figures from the invoice. Computations are automatic. Totals stored in the machine print on the journal when all invoices for a department have been vouchered. These include gross purchases, deductions, advertising expenses, and net balance due to suppliers.

As due dates arrive, the operator writes the check, credits payment to the appropriate accounts payable ledger, and secures a cash disbursements journal—all in one operation. This is just a matter of typing the supplier's name and indexing amounts from the last entry on the voucher. The date, check number, and net amount print automatically. Totals of all disbursements accumulate in the machine.

Throughout the system the accuracy of every posting is shown on the journal by a "00." If a wrong amount should be entered in the machine the error prints instead of the "00."

The key to the system is its automatic features. Figures, papers, and amounts are handled only once because all related records are updated in the same operation. It is not unusual for our accounts payable volume to build up into many thousands of dollars. Yet we always know where every cent is going and why.

Payroll Operation Steps

Because of the speed of the expense control system, the Burroughs machine also is used for payroll work. Here is how this operation works:

1. Each store sends the office a timesheet on Monday for the previous week ending on Saturday;

2. An adding-machine total is taken immediately of net amounts to establish a control figure;

3. The operator prepares the paycheck, earnings stub, earnings history ledger, and a payroll journal in one operation. This is merely a matter of copying amounts from the timesheet and earnings history ledger. All computations and storage of totals are automatic. Each posting is again proved by a "00" on the journal;

4. Totals for each store print on the journal. These include gross pay, each deduction, commissions and premium sales credit when applicable, overtime, and net pay;

5. Payroll work is finished by Tuesday morning and checks for Vim's 350 employees are always mailed to the stores for payday on Wednesday.

Since the history ledger shows year-to-date earnings and taxes withheld, preparation of Government reports W-2 and 941a is a simple copying job. The total of net pay on the journal must balance with the total taken on the adding machine. This not only shows continued accuracy, but assures that every employee's check has been written. END

Average Business Letter Costs $1.83 in 1960

BY *Edward M. Ryan*
Contributing Editor

THE continuing spiral of inflation has again sent the cost of an average business letter zooming upward. The last analysis of such costs made by Dartnell in 1957 found the average figure to be $1.70. Today the staff of Dartnell's Office Administration Service finds that the same business letter costs $1.83—a 13-cent increase in three years. Going back even further, the 1953 Dartnell study showed an average business-letter cost of $1.17.

The increase is due primarily to increased labor costs, upward swing of wages for secretaries, increase in executive salaries, nonproductive labor wages, the higher cost of materials, and increased postal rates.

In 1953 the average salary of a good sales correspondent was about $75 a week. Today his salary is in excess of $100 a week. In 1953 you could hire a stenographer with at least two years' experience for a starting weekly salary of $55 in big cities, or $40 in one-industry communities. The latest National Office Management Association survey figures show that today the average stenographer is paid $73 a week. Likewise, wages paid file clerks have increased along with material costs and major postal rates.

A shortening of working hours in many offices continues. However, Dartnell's Report No. 613, "Working Conditions in 165 Offices," still shows over 80 percent of offices work a 40-hour week. Ten percent are now working a 37½-hour week. Others vary the weekly working hours somewhat less than the usual 40. Saturday work is rapidly becoming a thing of the past in most concerns. Exceptions of course exist among businesses that must retain Saturday hours due to their type of operation.

Building cost is another item that has spiraled since 1953. Space rentals in office buildings are up, and annual rentals per square foot of space are at an all-time high.

According to the Dartnell study, the increasing cost of a single business letter will not level off. In fact, by the end of 1960, with estimated wage increases, further postal rate increases, and higher material costs, another few cents will most assuredly be tacked on to the average cost of a letter. If the buying power of the dollar continues to plunge as it has, if business keeps booming as economists predict it will, and if wages keep pace with other spirals, who can say what the average cost of a business letter will be in another three years?

While it is quite true that the increase in the cost of a single business letter as shown by the Dartnell findings isn't too startling to some people, try multiplying it by the thousands of letters that the average concern sends out in the course of a normal year and you will have some astronomical figures. It then becomes a cardinal part of any budget.

In addition to a breakdown of costs, the accompanying chart discloses some estimates of savings based on the Dartnell survey. The figures in the right-hand column represent savings made by various companies that have come to grips with this item in the budget, thus making substantial savings without impairing the present effectiveness of their business relationships.

END

Cost Factor	*Average Cost*	*Possible Saving*	*How Savings Can Be Made*
DICTATOR'S TIME Based on a salary of $110 a week for 40 hours and an average of 7 minutes for each letter written.	$0.321	$0.032	10% by inaugurating a campaign to make letters shorter; equipping executives with dictating machines, desk "companion" files, and form paragraph indexes.
STENOGRAPHIC COST Based on a salary of $73 a week for 40 hours and an average of 20 letters a day, including time taking dictation.	.730	.241	33⅓% by centralizing stenographic and typing department; using transcribing and photocopying machines; electric typewriters; efficiency desks and chairs; installing bonus plan.
NONPRODUCTIVE LABOR Time lost by dictator and stenographer due to waiting, illness, vacations, and other causes—15% of labor cost.	.158	.021	13% by using efficient equipment to reduce number of employees needed with corresponding reduction in nonproductive time.
FIXED CHARGES Depreciation, supervision, rent, light, interest, taxes, insurance, pensions, and similar overhead costs—40% of labor cost.	.420	.126	30% by savings in floor space through centralization of correspondence departments; labor-saving equipment reduces employee's compensation insurance needs.
MATERIALS Stationery, carbon papers, typewriter ribbons, pencils, and other supplies.	.070	.011	15% by using better quality paper, but smaller sizes where possible; gang printing of inter-office letterheads with other forms on office printing equipment.
MAILING COST First-class postage (10% air mail), gathering, sealing, stamping, sorting, and delivering to post office.	.090	.018	20% by use of modern sealing and stamping machines, not only to save labor but also to reduce losses due to pilfering of stamps.
FILING COST Clerk's time; cost of filing supplies, etc.	.040	.006	15% by centralizing all files and filing operations; modernizing filing equipment and methods.
TOTAL	$1.83	$0.455	

Flexibility: New Goal In Modern Office Layout

BY *J. Allan Rhea*
Managing Editor

THE only really useful permanent walls in a building are those that keep out the weather. To position other permanent walls inside is to put the building—and to a large extent the business it houses—into a straitjacket.

That is why modern office layout calls for buildings to be constructed simply as "empty" shells—roofs, walls, and floors. Within these shells are erected partitions that divide the available space to meet the company's particular needs. As the company grows or as its needs change in some other manner, the partitions can be moved to accommodate this change.

Movable office partitions reflect the changing nature of American industry. White-collar workers today outnumber blue-collar, 27 million to 21 million. Since this obviously was not the case only a few years ago, the increase in the white-collar work force has created a greater need for office flexibility. The nature of today's white-collar jobs, moreover, demands more office space. Personnel engaged in such skilled operations as data processing, for example, require much more space than the 60 to 100 square feet usually allocated to clerical employees.

Despite their obvious advantages, movable partitions have several drawbacks:

1. The initial cost of movable partitions is about twice that of plaster walls.

2. Movable partitions lack the feel of permanence and are not often used for offices of high-ranking executives or in such institutions as banks.

3. Modular construction, which characterizes most movable partitions, restricts office sizes to multiples of the module. If the module is five feet, for instance, each office may be 10, 15, or 20 feet wide; but not nine, 11, or 14 feet. This tends to restrict offices to a few standard sizes, usually the same for employees of equal rank.

Problem of Morale

4. The problem of morale is debated by office layout specialists. Some assert that partitions are harmful to morale by reducing desk-to-desk chatter. One solution is to build partitions that do not extend entirely to the ceiling, thus permitting a certain amount of conversation.

The question of private offices vs. group work areas is one that each company can answer for itself in planning a flexible layout. While work areas increase sociability and give each employee the impression of working on a "team," private offices provide the privacy and prestige necessary for more complex duties. (A private office usually is considered one with a door that closes and walls that run up to the ceiling.) The number of private offices, which are generally regarded as "status symbols" of the business world, appears to be increasing in most companies.

If too many private offices are placed on the perimeter of the building, however, workers in the general office area do not receive sunlight that is conducive to good morale. This problem can be solved by installing translucent glass panels at the top of private office walls to diffuse sunlight to the interior. In many cases, private offices also are more difficult to air condition.

Although some drawbacks exist,

The increasingly important role of the office reflects the changing nature of American industry. As office employees continue to widen the gap by which they outnumber production workers, and as modern business machines place even greater demands upon office space, flexibility becomes the key to office efficiency. This article analyzes some methods of flexible office layout, especially the use of movable partitions.

A private office in Connecticut General Life Insurance Company's home office building.

it seems unlikely that office layout methods will return to their recent status in which a company had to take the basic floor plan offered by the landlord. Today's company rents empty space which it lays out with the aid of a specialist variously called an office designer, space planner, interior designer, or office planner.

One of the specialist's first tasks is to analyze the interdepartmental workflow so as to erect walls around each section of the new tenant's business. In new offices these walls usually are movable partitions that can be altered to suit company changes.

The manufacture of partitioning has increased greatly since World War II—an indication of how it is being accepted by firms. Competition in the industry is keen, not just between manufacturers but between materials—steel, aluminum, wood, plasterboard; and composite materials such as chipboard, plywood/asbestos, and glass wool. This competition—and also the range of materials—means that qualities are available for every purpose, from the most de luxe board room to the stenographer's pool.

Range of Attractive Styles

Partitions also come in a range of attractive styles and pastel shades. Some firms use different colors for different offices. Wood and composite panels have waxed, french-polished, or painted finishes. And some of the manmade materials are attractive even in their unfinished state.

In addition, any type of partitioning can be glazed in a variety of styles: mottled, frosted, tinted, and others. Most of these finishes are applied at the factory which keeps the cost down. Although parts are standardized as far as possible, the variety of styles—even from one manufacturer—is sufficient to prevent monotony.

Flexible layout accommodates the rapid acquisition of modern office machinery. Most partitions can incorporate power and telephone circuits. Switches and sockets are flush with the surface. This is becoming more important as offices house more electronic and electromechanical equipment. Every electric typewriter, accounting machine, and data-processing unit needs cords; which tend to fall untidily across desks, floors, and passages. These cords may be

When to Review the Office Layout

No organization should be constantly interrupted with changes just for the sake of change or to keep some specialist earning his salary. On the other hand, the present layout should be reviewed whenever some of these changes occur:

1. When there is an increase or decrease in personnel;
2. When flow of work is changed by new procedures;
3. When more working space is required;
4. When work piles up at one station while others wait;
5. When work is lost in transit;
6. When employees complain of lighting or ventilation;
7. When employees appear to have difficulty in passing about the office;
8. When overcrowding of personnel or record storage is apparent;
9. When buying or replacing equipment;
10. When there is a change in organization—new personnel, new authority, and new responsibilities;
11. When alterations to the space are to be made;
12. When there are lease difficulties;
13. When functions have been added or taken away from the section;
14. When a balance of the sexes changes radically;
15. When certain persons have received promotions.

ABOVE, LEFT: About 5,000 square feet of clear plate, rough rolled, and English Pilkington wire glass are used in interior aluminum and glass partitions at Reynolds Metals Company general office building.

ABOVE: This L-shaped unit made by GR Products provides the degree of privacy needed for the particular job.

ABOVE: This Type HP Hauserman movable wall system is fireproof and sound-resistant. Made of steel and glass, it extends to the ceiling. RIGHT: The conference room at Palma-Knap Associates is opposite the secretarial center and can be closed off with the accordion door.

tripped over and damaged; they are constant shock or fire hazards. Modern partitioning can put this network of wires safely and neatly below the surface. When additional circuits are installed the removal of a few screws gives access to the wiring.

Once movable partitions are agreed upon, the following considerations will influence a company's choice of style and materials:

Weight: This is generally not critical in new buildings but is sometimes all-important in old ones. One form of wooden construction weighs 14 ounces per square foot. Composite materials weigh from two to five pounds. Steel, depending on gauge, ranges from 2½ to seven pounds. Plasterboard can be as heavy as 10 pounds.

Sound and Thermal Insulation

Sound and Thermal Insulation: This is often what customers most want from partition manufacturers. They may be disappointed unless they choose carefully. "Double-skin" construction helps. Steel is filled with a sandwich of glass wool or granulated cork. Wood—itself a good insulator—is given a core of sound-absorbing or sound-insulating materials. Composite materials are available that give the sound insulation of a nine-inch brick wall —with a fraction of the weight.

Fire Resistance: This is an especially important factor in cities where building codes limit the amount of combustible material that can be added to a building. Many grades of partitioning meet these requirements. Some are good, although none have the resistance of a brick wall.

The three principal types of material also deserve careful scrutiny by the firm that plans to erect movable partitions.

Metal: The outstanding quality of metal partitioning is, of course, that it cannot burn. Also, it is easy to mass produce metal partitioning at reasonable cost in standard sections and to give it bright and durable finishes. The partitioning is easy to keep clean because it does not absorb grease and dirt. Manufacturers are meeting the objection that metal is "cold" by

giving it an imitation wood grain or other finish.

Wood Is Cheap, Light

Wood: Its natural beauty and ease of working commend wood to many. It is relatively cheap and has excellent sound absorption and thermal insulation. It also can be lighter than most other forms of partitioning, which makes it suitable for installations in older buildings and in upper stories where the floor loading is limited. Fire-resisting varnishes and paints have overcome some of the prejudice of authorities against wood on grounds of its combustibility.

Composition: This material has made great strides during the last decade. All sorts of manmade materials have been pressed into service by partitioning experts. The range is such that if one material is unsuitable, there are others that fill the bill. END

Postal Rates Increase Feb. 1; New Scale Charts Required

BY *Arthur Sanders*
Executive Secretary
Scale Manufacturers Assn.

On February 1, the increasing cost of postal service will push a notch higher. On that date, parcel-post rates will increase by an average of 17.1 percent. For individual weights and zones, the increases range up to 35 percent.

These changes are forcing the makers of parcel-post scales to work overtime to prepare new charts for the millions of parcel-post and shipping scales in use. This is a service which scale makers try to provide to their customers on current models.

Time to Check Scales

Since alert businesses will have the computing charts on their parcel-post scales changed, this also would be a good time to check scales for adjustment, wear, and obsolescence. Many such weighing devices are antiquated, inaccurate, and are a cost drain to their owners in the form of excess postage paid.

It could be happening in your business. Long wear, neglect, abuse, dirt clogging working parts of scales, excess moisture (which causes moving parts to rust), and numerous other factors can impair the reliability of any mechanical device, including a postal scale.

With such possibilities ever present, it is prudent to subject scales to frequent, regular tests. Mistakes can happen, and they can quickly run up into staggering amounts of money.

The Post Office, of course, holds the authority to make the official weight determination and watches parcels and letters closely to be sure they have enough postage. That means that any errors discovered are going to cost the mailer money, as the postal weighers disregard overpayments. If scales used by business for parcel post become "slow," for example, and every fifth or every tenth parcel is thrown erroneously into the next higher class, a firm doing any substantial amount of mailing can lose thousands of dollars a year.

Post offices have only the requirement that the parcel carry sufficient postage. They don't even care whether you weigh it or not, but the wage cost of standing in line at the office window makes business ownership and use of scales most advisable. The old adage among scale people is that if it's worth the time of weighing, it's worth weighing right. The cost of correct weighing is so little more than that of incorrect weighing as to make it unreasonable to keep a poor scale around.

Guard Against Profit Leak

Repair or replacement of obsolete, wornout, or inaccurate scales is the least costly insurance against a profit leak from an unsuspected source. The increased parcel-post rates make vigilance in the matter of weighing even more important than ever.

A note of caution may be valuable in selecting a new scale chart. With three-quarters of a million charts to be replaced, unscrupulous operators may attempt to sell shoddy charts. These are generally made of paper, sometimes with a metal backing. A reliable chart is usually made of coated steel or aluminum.

Although the price of these charts is more attractive, the firm that buys one may subsequently spend many dollars on overweight and underweight packages. The best way to avoid this is to buy a new scale chart from the maker of your present scale. END

New postage scale charts are needed to measure accurately the Post Office Department's higher rates, effective February 1.

Write Letters That Get ACTION!

BY *John A. Brown*
Business Writer

WHEN an executive begins to doubt the effectiveness of his company's correspondence, it is quite probable that his impression has sound basis. This is particularly true of letters intended to be persuasive—to get action.

It is an understatement to say that most business letters are not really effective. Letters intended to be persuasive frequently fall short of their goal, are not convincing, and rarely are stimulating. As action-getters they are likely to be duds.

Fortunately, this situation can be remedied. Letterwriters in any company can improve their ability to write effective, action-getting letters. Sincere effort—preferably guided—can bring surprising results. Effective letterwriting does not require genius or special talent. One need not be a master of literary style to write a persuasive letter, although style naturally improves with the quality of one's letters.

Guideposts for Writing

Most writers have little trouble writing a simple informative letter, a request for information, or a reply, although such letters need good organization if the facts are complicated. But letters intended to persuade the reader to do something should be written with care and due regard for the reader's probable reaction. Here is a brief outline of a few guideposts to writing persuasive, action-getting letters.

The twelve most important words: Here is a secret that most letterwriters do not understand. The first 10 or 12 words in a letter are the most important of all. Sometimes the number is 15. True, you cannot say much in 12 words, and it is not necessary to do so.

To get attention instantly, the first words of the opening sentence must win the reader's interest with the most persuasive idea you have to offer. The idea may be stated bluntly or by subtle suggestion, but it should be there. This is contrary to the traditional textbook concept of placing emphasis at the end, after laying groundwork and building up to a climax. The fatal error in the textbook approach is that the groundwork may be uninteresting unless one is a skilled writer, and the reader's interest may lag—or perhaps never be aroused—before the climax is reached.

Factual information and arguments are the ammunition of persuasion that must be presented in the body of the letter. But they will be lost effort if the letter is not read. In fact, they will be partially lost if the letter is not read with interest and concentration. This is the reason why the writer must capture the reader's attention and stimulate his interest at the start. A few dull words or an uninteresting opening sentence can convince him the letter will be dull reading, but a fresh idea will make him the writer's exclusive audience. Thus, it is important to get a spark in those first few words.

How Is It Done?

How is it done? By beginning, if possible, with a statement or question that suggests a specific benefit to the reader. The strongest appeal that can be made is to his self-interest, but it must be kept short. The opening appeal to his self-interest should be stated so that it can be tied directly to the action that is desired, or to the product to be sold.

For example, let us examine 16 opening words copied from an actual sales letter written by a sales manager to a salesman. This letter begins, "Dear Joe: It is imperative that we do everything we can think of to promote the sale of . . ." Do these opening words inspire you? Not likely. There is absolutely nothing in these words to interest the salesman in doing anything unless it be out of sheer personal loyalty to his manager. The suggestion that "we must do everything we can think of . . ." indicates that the sales manager has done no thinking of his own on this problem and is passing the buck to his salesman.

This same letter might have begun, "You can now earn an extra $100 a week." More interesting? Of course. Although few letters can offer so enticing a hunk of bait, the opening can be made interesting even with a lesser or more subtle benefit. This opening can be followed with a statement that the new product is now available and give a list of additional benefits to the salesman.

The writer must have a purpose: The writer's purpose must be clear in his own mind. A fuzzy concept of his goal will cause the letter to be vague, possibly garbled, and certainly hard to understand. It will get uncertain results. Uncertainty of purpose is the toughest obstacle for a letterwriter. It is like starting a trip without knowing where you are going. Many letterwriters—including executives—find correspondence to be a difficult chore for this reason.

There is a remedy. It is to decide what must be accomplished before starting the letter. After this decision is made the writer is prepared to write with the clarity and conviction needed to get action.

If the writer of the letter cited above had used his thinking equipment for a moment and decided on a workable plan, he would never have sent a vague appeal to his salesman to "do everything we can think of." It may take only a moment to decide on a specific goal. Otherwise, it is better to set the letter aside until an idea can be worked out.

The all-important reader: The reader is the audience and the letter should be written to him personally. Even when writing a direct-mail sales letter for wide distribution it should be projected to a person. The writer should re-

It is an understatement, according to this article, to say that most business letters are not really effective. Here are some specific ways to write letters that get action.

member that each copy of a direct-mail letter will be received by a single reader whose interest usually is centered in himself. This self-interest should be appealed to.

Individual Message Is Best

When possible, the recipient's name should be typed in the salutation. It helps to have a personal signature, too. Never cause the reader to feel he is reading an impersonal message. If he can be given the illusion that the message is directed specifically to him, the letter will have gone a long way toward getting him to respond with the action desired.

To give a general letter this personal appeal is not misrepresentation. The reader is quite aware that the writer is no close acquaintance; but it is pleasing to anyone to be addressed as a person, and not as a thing. This is a simple courtesy due to anyone who takes time to read a direct-mail letter.

It is less difficult to be personal when writing to a specific person; but even personally directed business letters are sometimes stiff, stilted, and unconvincing because the writer's mind is focused more on himself than on the person to whom he is writing. It is the reader who must be convinced, not the writer.

While the body of the letter must convey facts, they can be made interesting and important to the reader if his personal interest is kept in mind. It is the writer's job to make him want to do what is suggested. It is not done by hypnosis and there is no formula here for misrepresentation. If there are legitimate benefits to offer, the letter can be made convincing. Facts, specifications, technical data, rules, or other dry information will be absorbed with real interest when the reader sees their importance to him personally, or to his family.

Generalities Weaken Letters

Specific, not vague, facts and ideas: Data or factual information should be specific and clear. Generalities and vague adjectives only weaken the letter. The letter should be limited to one subject or basic idea whenever possible. It is not always easy to keep in sharp focus on one idea, however, because inviting paths for digression can appear with every sentence. When digressions are avoided, the letter becomes more convincing and the reader is more likely to be persuaded to act.

Vague, pompous phrasing may be even more confusing than occasional digression. Few readers would have the patience to struggle through the following vague and wordy mess:

"We wish to advise that we will endeavor to determine objectively the overall consequence of failure to adhere rigidly to established precepts in connection with activities in the branch office to which you are presently attached, and it is emphatically stressed that you direct your primary effort to the end that basic circumstances be altered with respect to current concepts of preferential routines."

This example is extreme, but too many letters approach it in lack of clarity.

Must Be Believable

It must be believable: Along with being specific, the letter must be believable. This does not mean merely to be truthful. A letter can be utterly truthful and still not be believable. When new concepts are presented, the reader should be given proof and a reasonable amount of background information. The letter should be written in a logical, direct, and understandable manner.

Simple writing is best: Perhaps the most certain way to write a useless letter is to make it pompous, stuffy, and wordy. Short words and short sentences help the reader to get the idea quickly. One should never use 15 words when 10 are enough. Also, one should never try to be scholarly by using long, overstuffed words or unnecessary technical terms. When writing to engineers, technical words are fair and may be preferable. If a vice-president or chief accountant is to get a copy, technical terms should be limited or explained.

The most specific nouns and the most active and stimulating verbs should be used. In this way, the letter is more likely to build a sharp picture in the reader's mind.

Your company's letters can be persuasive: The surest way to persuade the reader is to get his attention, then stimulate active response through appeal to his self-interest. The letter should be well organized along basic structural rules. One need not be a writer of literary gems to write persuasive letters. END

OEME Reveals Itinerary

THE Office Equipment Manufacturers Exhibits, Inc., has announced that its 1960 exposition will be held in Los Angeles, Calif. OEME is the subsidiary of the Office Equipment Manufacturers Institute. Announcement of the schedule followed the Institute's annual membership meeting held at the Waldorf Astoria Hotel in New York City.

Other sites for the exposition, which were unanimously endorsed at the meeting, included the following cities: New York City, 1961; Detroit, 1962; Atlanta or Dallas, 1963; New York World's Fair, 1964. It was pointed out that this schedule can be expanded to better serve all customers of the industry.

Rudolph Lang, formerly director of the National Business Show, is managing director of exhibits for OEME. END

Secretaries Set Own Goals

SECRETARIES of the Combined Insurance Company of America have come up with their own profile of what a good secretary should be.

During five days of self-analysis under the direction of Mrs. Jane Costner, executive secretary to the company president, the Combined secretaries recently reached these conclusions:

1. A good secretary must think like a man, work like a horse, and act like a lady;

2. She must be cognizant of her boss's varying moods, and learn how best to cope with them. At the same time, she should keep on an even keel, engaging in play-acting if necessary to cover up her moods;

3. A good secretary often anticipates her boss's instructions, knowing when not to go too far, however;

4. A good secretary is her boss's greatest public relations representative, dealing diplomatically with all his contacts. She can easily win, or just as easily lose, friends for him;

5. She serves as a researcher and statistician for her boss, keeping an eye out for important facts;

6. The good secretary must be a confidential agent, treating all business matters as a trust, not to be broadcast at coffee breaks. END

1959 Index to AMERICAN BUSINESS

Author Index

Altshul, Harold M. ..... Feb. p. 14
Athearn, Walter S. ..... Jan. p. 28
Baker, Peter B. ..... Aug. p. 11
Bayard, Nicholas ..... April p. 33; May p. 36; Sept. p. 27
Berg, C. J., Jr. ..... April p. 22; May p. 20
Better Business Bureau of Pittsburgh ..... Oct. p. 19
Blurton, Robert L. ..... June p. 23
Brock, C. H. ..... April p. 11
Brown, Ray E. ..... June p. 9; Oct. p. 21; Dec. p. 17
Business Goodwill Advisory Council ..... Oct. p. 5
Callander, W. S. ..... May p. 30
Cameron, Frank ..... Dec. p. 21
Coggins, Jack R. ..... Jan. p. 39
Corrigan, Robert W. ..... July p. 14
Crowley, John R. ..... Mar. p. 11
Doberstein, Robert R. ..... July p. 30
Dolan, John R. ..... Jan. p. 14
Dreischmeyer, Ruth ..... Aug. p. 20
Dreissiger, Arthur B. ..... Feb. p. 27
Eidswick, Harry N. ..... Mar. p. 20
Epley, Stewart ..... May p. 10
Escher, Albert J. ..... Dec. p. 9
Forbes, A. G. ..... Oct. p. 35
French, Marilyn ..... Jan. p. 11; May p. 28; June p. 26; July p. 24; Sept. p. 12; Nov. p. 22
Ghertner, Alven S. ..... Nov. p. 37
Gilmore, A. W. ..... Mar. p. 7
Gold, Leon S. ..... May p. 15
Goodman, Edith ..... Dec. p. 6
Gookin, R. Burt ..... Sept. p. 7
Graydon, William R. ..... Aug. p. 28
Grillo, E. V. ..... April p. 22; May p. 20
Gunn, Edwin P. ..... Mar. p. 27
Harkness, John C. ..... Sept. p. 17
Harpur, Ernest ..... Aug. p. 23
Harvard University Graduate School of Business Administration ..... Oct. p. 11
Higgins, Carter C. ..... Feb. p. 36
Hirsch, Phil ..... Nov. p. 34
Hoff, Richard C. ..... April p. 35
Hoslett, Schuyler D. ..... June p. 17
Howells, D. L. ..... Sept. p. 24
Hunt, Sydney A. ..... May p. 24
Hutchison, Margaret ..... June p. 20
Jacobsen, Ralph G., Jr. ..... April p. 7
Jaspan, Norman ..... Nov. p. 14
Johnson, Chas. F. ..... Jan. p. 7; April p. 36; May p. 7; July p. 10; Oct. p. 33; Nov. p. 25; Dec. p. 26
Johnson, Dr. Harry J. ..... Jan. p. 17
Kaufman, Felix ..... Oct. p. 15
Kiley, John T. ..... Jan. p. 37
King, Robert M. ..... Aug. p. 7
Kleiler, Frank M. ..... Feb. p. 17; Aug. p. 34
Kligman, Eugene ..... Aug. p. 30
Kobza, T. M. ..... Sept. p. 14
Lang, Charles H. ..... Mar. p. 24
Lazrus, S. Ralph ..... April p. 15
Lee, J. Tyson ..... June p. 40
Leisner, James W. ..... June p. 42
Lochiel, R. G. ..... May p. 22
Magill, Fulton R. ..... Feb. p. 20
McMurry, Dr. Robert N. ..... Nov. p. 6
Metz, John ..... Dec. p. 34
Moore, Beatrice ..... Mar. p. 30; April p. 39
Munson, Lawrence S. ..... June p. 14
Murphy, Herta A. ..... Jan. p. 32
Naas, Bernard G. ..... Mar. p. 32; April p. 29
National Office Furniture Association ..... Sept. p. 29
National Society of Sales Training Executives ..... Nov. p. 18
Perlmutter, Shimon ..... Mar. p. 36
Purcell, J. P. ..... Oct. p. 36
Putnam, Kenneth W. ..... Dec. p. 31
Reeves, Clifford B. ..... Aug. p. 14
Rhea, J. Allan ..... Oct. p. 31; Nov. p. 32; Dec. p. 38
Roberts, Paul ..... Feb. p. 29
Ross, Irwin ..... Oct. p. 40
Ross, Robert R. ..... Feb. p. 7; July p. 17
Rucker, Allen W. ..... July p. 7
Ryan, Edward M. ..... Feb. p. 11; Mar. p. 16; July p. 28
Sampson, William J., Jr. ..... Jan. p. 22
Scheer, Wilbert E. ..... June p. 20
Schoenbeck, Howard ..... Feb. p. 38
Schweisheimer, Dr. W. ..... Feb. p. 22; Aug. p. 17
Sharp, Harold S. ..... Sept. p. 36
Simon, F. Lester, Jr. ..... Sept. p. 30
Smith, Clay T. ..... Jan. p. 35
Snell, Frank ..... April p. 18
Spencer, Lyle M. ..... Oct. p. 7
Stearns, Myron M. ..... Aug. p. 38
Stoddard, Mary Eleanor ..... Nov. p. 11
Sullivan, John ..... Nov. p. 6
Studley, Julien J. ..... Nov. p. 41
Tewell, Vernon F. ..... June p. 30

Truman, Francis M. ..... July p. 34
Trumpler, Charles E. ..... Feb. p. 32
Vesley, George F. ..... Sept. p. 32
Walley, John R. ..... Oct. p. 26
Welch, Ida ..... Jan. p. 24
Weld, Christopher M. ..... Nov. p. 24
Westphal, Arnold ..... Feb. p. 38
Wharton, Don ..... June p. 32
Wise, J. Pryor ..... Oct. p. 28

Subject Index

COMMUNICATIONS AND CORRESPONDENCE

Communication Created Organization That Tightened Cory's Sales-Factory Liaison ..... Dec. p. 26
Factory Speeds Data to Office ..... June p. 30
How to Create and Maintain a Manual to Keep Good Systems Intact ..... Jan. p. 28
How Sounds Your Corporate Echo? ..... June p. 40
How You Can Distinguish Between Fact and Opinion ..... March p. 24
Is Your Company's Mail to These 106 Cities Being Delivered as Promptly as Possible? ..... June p. 22
Make Your Own Movies ..... March p. 30
Order Action (Through a Cloud) at Sealy ..... Aug. p. 30
Preparing a Prize-Winning Annual Report ..... March p. 20
Raytheon Speeds Intercompany Mail ..... Oct. p. 36
To Get Your Ideas Across, You Must Speak *Effectively* ..... April p. 18
Two-Way Communication Builds Employee Cooperation ..... July p. 34
Which Communications Methods Are "Best" for Your Company? ..... Dec. p. 9
You, Too, Can Make Employee Booklets Interesting and Informative! ..... Sept. p. 32

OFFICE CONSTRUCTION AND REMODELING

American Tobacco's Vault ..... May p. 36
Color in the Office ..... July p. 20
Elenhank Design Firm Renovates Building, Acquires Office Space at Minimum Expense ..... Dec. p. 36
Its Reception Room Expresses the Firm's Function ..... March p. 38
More Office Space Through Planning ..... Oct. p. 26
New Building Employs Modern Design to Increase Efficiency ..... April p. 39
Split Site Operation ..... Sept. p. 30
Survey Measures Industrial Site Preferences ..... Dec. p. 33

COST AND PROFIT CONTROL

An Easy Way to Tighten Credit Controls ..... Feb. p. 32
Cut Costs by Measuring Office Work ..... April p. 22; May p. 20
Data Processing Streamlines Student Accounts ..... Dec. p. 34
Five Reports Aid Better Control ..... Nov. p. 37
Franklin Society Cuts Mailing Costs With Tab Card System ..... Nov. p. 34
How to Measure Profit Contribution ..... July p. 7
Is Yours Waste, or Wasted, Materials? ..... Jan. p. 37
A Production Control System That Really Works! ..... Feb. p. 38
Profit Planning and Control at Heinz ..... Sept. p. 7
Ten Ways to Save Overtime ..... Sept. p. 40
Toledo Jeweler Finds a "Gem" of an Invoice System ..... March p. 36
You Can Form Rational Make-or-Buy Decisions ..... Feb. p. 36

ELECTRONIC DATA PROCESSING

"Accounts Payable"—Automatically ..... Sept. p. 14
Babbage: Forerunner of Automatic Computers ..... Sept. p. 22
"Break-Through" in Data Processing ..... Oct. p. 31
Computer Specialist Supply Reaches Critical Level ..... Dec. p. 41
Data Processing—Present and Future ..... Oct. p. 15
Data Processing Streamlines Student Accounts ..... Dec. p. 34
"ERMA" Automates Checking at Bank of America ..... Nov. p. 32
This *Is* the Way to Run a Railroad! ..... July p. 10

EXECUTIVE DEVELOPMENT

Businessman Benefited From Part-Time Teaching ..... April p. 35
Effective Administration Requires Seven Objectives ..... Dec. p. 17
Executive Training—Outside or Inside? ..... June p. 17
How to Get Rid of a Pest ..... Sept. p. 27
How to Maximize Your Business Reading ..... Sept. p. 36
Learn These Principles of Persuasion ..... May p. 15
Secretaries Make New Year's Resolutions for Their Bosses ..... Jan. p. 11

MANAGEMENT PLANNING AND POLICIES

The Art of Administration ..... Oct. p. 21
Boss's Dilemma: Lead or Do It Yourself ..... Feb. p. 11
The Case for Decentralized Standardization ..... Feb. p. 20
Experts, Apparatus, and Fads Can't Replace Management ..... Aug. p. 7
"For Executives Only" Contest Makes Glidden's Profits Grow Larger ..... Jan. p. 7
Financial Public Relations ..... May p. 24
Getting All from Company Cafeterias ..... Feb. p. 27
How to Get the Best (Out of a) Management Consultant ..... June p. 42
How to Use Management Consultants ..... Jan. p. 22
Keep This Skeleton Out of Your Closet! ..... April p. 11
Look Before You Lease! ..... Nov. p. 41
Now You Can Lease Almost *Anything* ..... Dec. p. 21
Planning, Imagination, Follow-Through Make Management Conferences Fruitful ..... Feb. p. 14
President Uses Hospital Stay to Revamp Company's Line, Prices ..... April p. 15
Pros and Cons of Mergers ..... Nov. p. 36
Seven Deadly Sins of the Poor Administrator ..... June p. 9
Six Types of Firms and the Data Each Needs ..... May p. 7
34 Ways an Executive Can Keep His Desk Clean ..... June p. 20
Tips on Business Giving ..... Oct. p. 5
U. S. Industry Faces President Shortage ..... Dec. p. 30

MARKETING AND SELLING

Automation in a Book Warehouse ..... July p. 14
Bottoms-Up Sales Planning ..... June p. 14
Customer Complaints Studied ..... Oct. p. 19
Do Your Sales Costs Go Down When Sales Go Up? ..... May p. 30
Don't Let Paperwork Hobble Your Salesmen! May p. 10
How to Build Sales on Past Successes ..... Feb. p. 29
How to Support Your Sales Force ..... July p. 17
Marketing and Packaging Development That Sells ..... Aug. p. 11
Make Your Sales Meetings More Effective ..... Nov. p. 18
Measuring Your Markets ..... Sept. p. 17
Need Help With Market Research? Your Biggest Answer Man—Uncle Sam ..... Feb. p. 17
The Pasha Who Was Too Busy ..... Aug. p. 28
Salesmen Evaluated by Objective Criteria, Not by Personal Opinions ..... Feb. p. 41
Salesmen's Compensation Survey ..... Nov. p. 24
Six Sins of Sales Supervision—and How to Prevent Them ..... Feb. p. 7
Tomorrow's Supermarket Today ..... Nov. p. 24
Training Salesmen to Do More Than Sell ..... April p. 7
We Worship *Silly* Things, Too! ..... June p. 36

OFFICE ADMINISTRATION AND EQUIPMENT

Antique Equipment Hexes, Vexes Office Girls ..... July p. 24
Breaking the Paperwork Bottleneck ..... June p. 23
Business Equipment Industry Stages Inaugural Exhibit ..... Oct. p. 33
Calculator Ends Salesmen's Headaches—Gives Them a New Sales Tool ..... March p. 27
Centralized Bookkeeping Saves Money ..... Jan. p. 39
Challenge Your Office Procedures With These Five Concepts ..... March p. 11
Errors, Paperwork Cut; Procurement Hastened ..... Jan. p. 20
How to Get Same Day Shipments ..... Aug. p. 23
How Long Do Office Machines Last? ..... Sept. p. 24
It Takes Teamwork to Reduce the Cost of Letters ..... Jan. p. 32
Keeping Executive Payroll Confidential ..... May p. 22
New Copy System Speeds Work Flow and Reduces Errors ..... Jan. p. 20
New Equipment to Incite Quiet Revolution in Office Methods ..... April p. 36
New Method Simplifies Route Salesmen's Bookkeeping ..... Oct. p. 35
New Process Prints or Screens 20,000 Letters per Second ..... July p. 16
Office Equipment Policies—Upkeep and Replacement ..... May p. 38
Office Furniture Surveyed ..... Sept. p. 29
The Public Relations Aspect of Office Management ..... Aug. p. 14
Retain or Destroy (Records)? ..... Jan. p. 24
Small Office Mechanizes for Improved Customer Service ..... Jan. p. 35
Statements Mailed Ten Days Sooner With New System ..... April p. 33
$2,500,000 Extra Business—Without Extra Bookkeepers ..... Oct. p. 28
Upjohn Company Symbolizes Office Furnishing Trends ..... Nov. p. 11

PERSONNEL ADMINISTRATION

Alcoholic Employees Can Be Salvaged! ..... Feb. p. 22
Are You a Hero to Your Secretary? ..... Nov. p. 22
Criticizing and Correcting Subordinates ..... July p. 28
Employee Relations Facts: Sources and Control ..... March p. 32; April p. 29
Executives Are *Not* an Unhealthy Lot! ..... Jan. p. 17
Four *Musts* of Salary Administration ..... July p. 30
Good Men Are Getting Hard to Find ..... Feb. p. 26
How Formfit Kept Good Will After Closing Its Plant ..... Dec. p. 31
How Times Have Changed ..... Jan. p. 31
How Uncle Sam Can Aid Employers ..... Aug. p. 35
How You Can Curtail Employee Dishonesty ..... Nov. p. 14
Professor Gulls Personnel Men With Phony Psychological Test ..... Dec. p. 6
Regroup Personnel, Lawrence Urges ..... Dec. p. 41
There's One in Every Office ..... Aug. p. 20
Unions Change Strategy to Organize White-Collar Workers ..... Nov. p. 6
The United Hatworkers: a Different Kind of Union ..... Oct. p. 40
U. S. Labor Force Remarkably Stable, Says Noted Economist ..... Feb. p. 34
What Makes "Tired" Executives Tired? ..... Aug. p. 17
What Will Happen to Your Secretary When You Retire? ..... June p. 26
What You Don't Know (About Your Employees) Can Hurt You ..... March p. 16
What's the Score Now With Psychological Tests? ..... Oct. p. 7

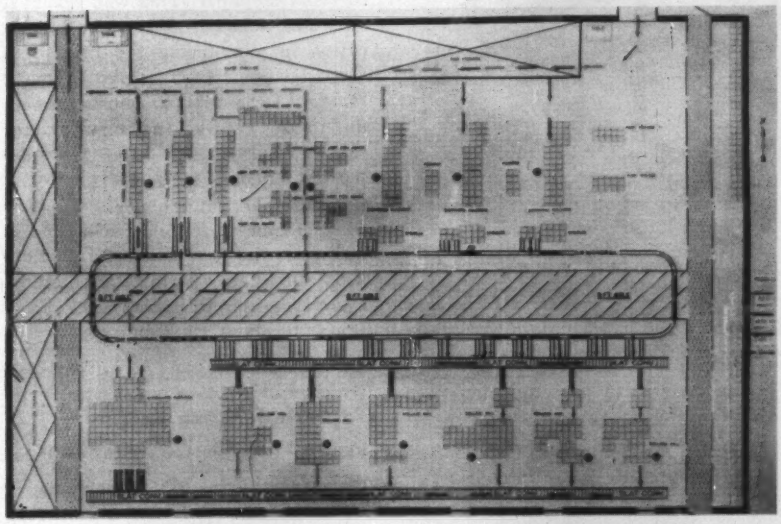
SPECIAL INTEREST FEATURES

Bettering the Business Climate ..... March p. 7
Check List for Secretaries ..... May p. 28
Diversification Incorporated ..... June p. 32
Founder Retires From Dartnell ..... March p. 18
Long Way Is Wrong Way to Make Decisions ..... Jan. p. 41
Mechanization Revolutionizes Postal Service ..... Dec. p. 38
Nashville Finds the Cure for City's Sickly Transit System ..... Aug. p. 38
Risk Capital for the Small Businessman ..... Jan. p. 13
Secretaries Take Busman's Holiday ..... Sept. p. 12
Speed Isn't Everything in Reading ..... April p. 21
Your Time Is Whose Time? Or, How to Get More Things Done ..... Jan. p. 14

SURVEY FEATURES

Employee Relations Check List ..... March p. 41
How to Collect, Interpret, and Use Information About Your Competitors ..... Oct. p. 11
Making Employees Cost-Conscious ..... March p. 14
Personnel Policies Have to Be Policed, Survey Finds ..... April p. 28

NEW SYSTEMS AND EQUIPMENT

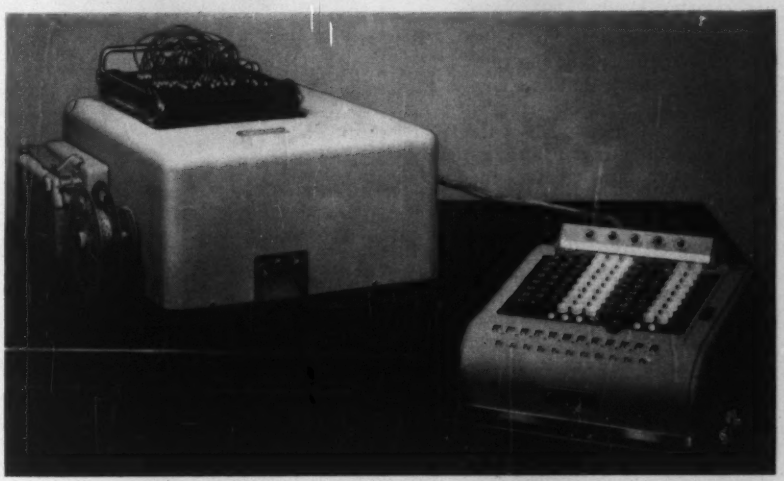


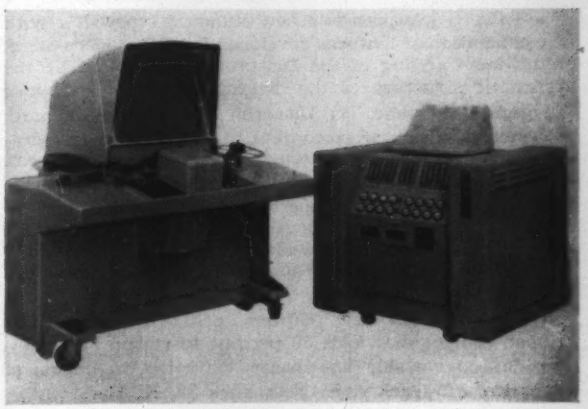
New Laminated Tapes Ready for Office Layout

Labelon Tape Company of Rochester, N. Y., has developed a new type of laminated tape for use in the preparation of plant and office layouts. This pressure-sensitive tape consists of two layers of matte acetate, each .0175 of an inch thick. Labelon claims these advantages over former tapes: There is no glare when used on the transparent planning boards; the printing is completely protected by the overlay of matte acetate material, with the result that when reproduced by the diazo process, a clearer and sharper reproduction is secured. More than 100 different layout symbols are available. Labelon Tape Co., Inc., 450 Atlantic Ave., Rochester 9, N. Y.

ComptoTape Machine Eliminates Key Punching

Production of a ComptoTape data preparation machine embodying the speed and accuracy of the Comptometer and the flexibility of a plugboard programming unit controlling a paper tape punch has been begun by the Comptometer Corporation. A feature of ComptoTape is that the calculated results are recorded in common language tape for subsequent re-use, and the unit automatically inserts all codes required to control data-processing equipment. The by-product tape replaces the need for key punching and permits processing at a distant point. Comptometer Corporation, 1735 N. Paulina St., Chicago 22, Ill.



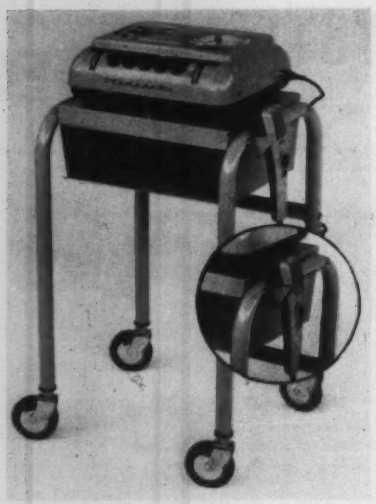


Semiautomatic Film Reader Has Electronic Digitizing Unit

A new semiautomatic film reader with an automatic, high-speed electronic digitizing unit accurately measures distances along two axes on 16mm. to 70mm. sprocketed film. The Dilog 510 displays a magnified image of the film being measured. The digitizer is an indicating and recording accumulator that counts and stores measurement pulses generated by the reader. These counts are displayed visually; or may be read out on an electric typewriter, punched cards, perforated tape, or an x-y plotter. The Dilog 510 has a counting rate of 20,000 counts a second. Card-punching speed is 50 cards a minute. The device also will type up to 600 characters a minute or provide 20 columns a second of punched tape. Data Instruments, 12838 Saticoy St., North Hollywood, Calif.

Microphone Holder Prevents Dictating Machine Damage

A microphone holder for the Stenorette dictating machine has been developed that holds the microphone so that it cannot fall out. According to the manufacturer, KOL, INC., this means the end of microphones being brushed off their holders, falling on the floor and being damaged or breaking. This holder comes as standard equipment on all KOL stands for the Stenorette dictating machine. The KOL Clip-on Microphone Holder holds the microphone in place until needed. It clips on the right or left side of the stand without bolts or nuts. The holder is adjustable, as it slides into position from front to back of stand. KOL, INC., 2323 Ellis Ave., St. Paul 14, Minn.

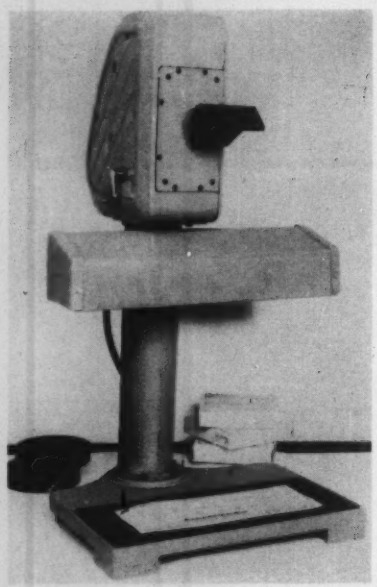


Addressograph-Multigraph Announces 1-Cent Master

The long-sought 1-cent Multilith master has become a reality. As a result, Multilith copies can now be produced for ¼ cent each, including the cost of paper. This was revealed by Addressograph-Multigraph Corporation in announcing the release of the Series 1000-5 Direct Image Master. Designed for short runs of up to 25 copies, the new master ranges in price from 1 to 3 cents depending on size and quantity ordered. Available as single sheets, in continuous rolls or fanfold packs, and in unit sets, the new master is particularly suited to systems reproduction. Addressograph-Multigraph Corporation, Cleveland 17, Ohio.

Regiscope Microfilmer Weighs Only 20 Pounds

A simplified, portable microfilm recorder has been introduced. It is compact (25 inches high, 12 inches wide, 12 inches deep) and weighs only 20 pounds. Designed for use in offices and banks, the Regiscope Microfilmer requires no focusing. It has its own built-in "green ray" lighting which records details sharply. All aligning and adjusting is pre-set at the factory. A light touch of the lever records documents and automatically sets film in position for the next picture. "The absence of any sensitive mechanisms or delicate devices," says the manufacturer, "assures years of trouble-free use with a minimum of servicing required." The Regiscope Microfilmer uses 16mm. film. Regiscope Corporation of America, 799 Broadway, New York 3, N. Y.



Tap-Proof Phone Cable Insures Private Conversations

Companies using TV, telephone or wire photos in internal communications networks, can be sure that their lines are free of eavesdroppers by means of a tap-proof, tamper-proof cable. In the event that an attempt to connect into the cable is made, an alarm sounds automatically without the intruder being aware of it. The communications circuits are covered by successive layers of foil sheathed in plastic and connected to a highly sensitive relay apparatus which responds to changes in electrical current as low as two one-millionths of an ampere. Mosler Research Products, Inc., 320 Fifth Ave., New York 1, N. Y.

Olivetti Diaspron Typewriter Has Modern Office Features

The Olivetti Diaspron is a new standard typewriter with a combination of features developed for the modern office. Multi-facet styling of the Diaspron was inspired by the prismatic structure of the diaspore crystal, which also suggested the name. The Diaspron was designed for hard, continuous office use, according to the Olivetti Corporation, and combines a light touch with alignment, neatness, and clarity of typescript. Multi-function controls provide ease and convenience of operation, with a consequent increase in typing speed and neatness. The margin release key, for example, also provides for automatic paragraph indentation, and for release of a key pile-up. The line-gauge indicates at a glance the number of lines remaining on a page. Other new features include a four-position ribbon control that adds 30 percent to ribbon life and a pushbutton variable line-spacer. Olivetti Corporation of America, 375 Park Ave., New York 22, N. Y.

YOURS FOR THE ASKING

The literature recommended below has been selected by the editors of AMERICAN BUSINESS for its usefulness to management executives. Requests for this material, which is free, should be sent directly to the companies listed. Prompt action is suggested; supplies of such material are usually exhausted within a few months.

NEW TECHNIQUES used by the U. S. Navy to produce printed matter from punched cards and to store whole pages or forms on microfilm inserted in aperture cards are discussed in the 12-page reprint entitled "A Line, A Page, A Publication—The Navy's New Design in Printing." The article, prepared by A. N. Spence, director of publications, U. S. Navy, discusses possible application of the new printing and storage techniques by industrial and commercial firms. The Filmsort Company, Pearl River, New York.

* * *

COMPLETE INFORMATION about all dictating equipment is offered in the new 16-page illustrated brochure, "The Facts About Dictating Machines." It lists all important features buyers should look for and makes public an independent survey among secretaries disclosing what they look for. Also included are 50 new ways to save time and money with a dictating machine. American Geloso Electronics, Inc., 251 Park Ave. South, New York 10, N. Y.

* * *

"ABOUT MARKETERS, Consumers, and Critics" is the name of a 28-page booklet based on an address by Louis Cheskin, director of the Color Research Institute. The booklet's theme is buyer motivation. Mr. Cheskin discusses marketing ethics, the value of motivation research, television commercials, use of color, effectiveness of media; and destroys 12 fallacies about marketing. Louis Cheskin Associates, 105 W. Adams St., Chicago 3, Ill.

* * *

A CONVENIENT SLIDE RULE comparator, listing complete details on office-copying machines made by 10 manufacturers, is now available. Designed to aid the prospective purchaser in selection of copying equipment, the comparator contains information on machine and paper costs, types of copying processes, number of copies possible per minute, number of processing steps, as well as details on nine other categories. Minnesota Mining & Manufacturing Co., Dept. S9-462, 900 Bush Ave., St. Paul 6, Minn.

THE GROWING USE of sound-motion pictures in business and industry is discussed in a new 13-page booklet. "This Man Is Being Sold" outlines the general use of motion pictures in sales promotion, public relations, job training, and employee recruiting, with examples of how firms use films. Costs and relative values of sound films in industrial applications are covered, along with information on free film library services. Bell & Howell Company, 7100 McCormick Rd., Chicago 45, Ill.

* * *

"BRAZILIAN BUSINESS CLIMATE: Crisis and Opportunities," the latest Bruce Payne & Associates analysis of business opportunities for American concerns abroad, is now available. This study analyzes the key industries and pinpoints the currency outlook and legislative restrictions. Bruce Payne & Associates, Inc., 600 Fifth Ave., New York 20, N. Y.

* * *

"SYMBOLIC LOGIC, Boolean Algebra and the Design of Digital Systems" discusses the fundamental principles of symbolic logic as applied to the logical design of digital systems. Profusely illustrated with charts, the 32-page booklet includes a section on practical applications of these systems. Computer Control Co., Inc., 983 Concord St., Framingham, Massachusetts.

* * *

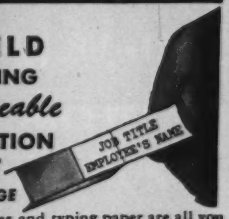
HOW BANK VAULTS are being transformed from warehouses to work areas is told in the 20-page brochure, "Tomorrow's Security Vault." Horizontal rotary filing is discussed. Wassell Organization, Inc., 225 State St., Westport, Conn.

* * *

AN EIGHT-PAGE GUIDE TO STEEL DESKS and filing cabinets discusses general materials and workmanship. Also contained in "Suggested Specifications for Top Quality Steel Desks and Filing Cabinets" are testing procedures for rigidity, drawers, strength, and finish. Buyer's guideposts include gauge of steel recommended for exterior surfaces and unexposed parts; types of top fasteners; requirements for hardware, trim, and locks. Bentson Manufacturing Co., Aurora, Ill.

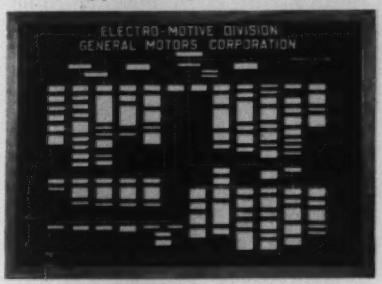
STOP COSTLY RE-DRAFTING OF ORGANIZATION CHARTS

THE **COFFIELD** EVERLASTING *Interchangeable* ORGANIZATION CHART



EASY TO CHANGE

A typist, a typewriter and typing paper are all you need to keep your chart up to date. It's that simple!



- Sizes to Fit Any Organization Structure
- Eliminates All Costly Drafting
- Photographs for Sharp Prints
- Invaluable as a Visual Training Aid
- All Parts Are Movable and Re-usable
- Solves Your Chart Problems Forever

Write for Free Illustrated Brochure with Price Schedule No. AB-1

MANAGEMENT CONTROL CHARTS CO.
1731 N. WELLS ST. CHICAGO 14, ILL.

THE **SHRED ALL**
WASTE PAPER SHREDDER

Quickly shreds newspapers, magazines, waste paper, tissue, cellophane, corrugated cartons, wax paper, etc., into uniform resilient strands ideal for packing purposes. Especially adapted to shredding confidential records, blueprints, etc., permitting the return of this high-grade paper to the paper mills, for re-use.

Compact, economical, safe. All revolving parts are covered. Instantly adjustable. Shreds 1/8" to 3/8". Designed for continuous and trouble-free service.

FREE TRIAL
Operate a SHRED ALL 30 days. If not satisfied—return—owe nothing.

UNIVERSAL SHREDDER COMPANY
SAGINAW, MICHIGAN

NEW BOOKS FOR EXECUTIVES

DATA PROCESSING, PROCEEDINGS OF THE 1959 CONFERENCE OF THE NATIONAL MACHINE ACCOUNTANTS ASSOCIATION. *Edited by Charles H. Johnson.* In his excellent preface the editor declares ". . . data processing is no longer a statistical or accounting tool. It is a *management* tool." He also states that most managerial people are not aware of the availability of this new tool or their responsibilities for using it. He is right on both counts. This book, typical of the splendid work being done by NMAA members, contains case history material that can show top management the refined control possible only through data processing.

The book opens with a paper, "Why Automate?" based on the experience of McDonnell Aircraft and follows with a companion piece, "What to Automate?" using Missouri Pacific Railroad history. There are papers that treat electronics in insurance, city government, brewing, public accountancy, pipe-line accounting, small finance, and commercial air transport fields. Shifting from the industrial approach to specific applications, various papers examine applications for quality control, short check payroll, accounts payable, warehousing and order writing, property accounting, general ledger, payroll, and labor distribution and incentive pay.

A final group of articles covers such general problems as on-job training, determining equipment needs, breaking-in, debugging and refining equipment, physical layout of the department, and progress in the data-processing industry.

While none of these articles will provide entertainment for the browser, one need not be an electronic data-processing specialist to get a great deal from the book. Indeed, it can best serve American management if it receives a deserved reading from top management. *National Machine Accountants Association,* 1700 *W. Central Rd., Mt. Prospect, Ill.* 394 *pp.* $10.00. C.F.J.

THE ELEMENTS OF STYLE. *By William Strunk, Jr. With Revisions, an Introduction, and a New Chapter on Writing by E. B. White.* Unless he happens to be writing about the human body's need for oxygen, a reviewer rarely has the right to employ the word "must." The present review is a justifiable exception: This little Strunk-White book is an absolute MUST for everyone who wishes to make the written word effective, whether in letters, reports, memorandums, or in advertising and sales-promotion copy.

In a word, "no businessman can afford to be without it," as the publishers might (but, happily, don't) say.

In well under a hundred pages, the authors have combined the fundamental rules of usage, of composition, of form, of word choice, and of style so neatly, sweetly, and completely that the average businessman-writer may put behind the glass doors of his bookcase all but this new little book and his dictionary. Once he has read the chapter by *New Yorker* Editor E. B. White entitled "An Approach to Style," he can refer to the book's other contents in his day-to-day writing. In the spirit of Rule 13 to "omit needless words," this review echoes Mr. White's admonition, "Get the *little* book!" *The Macmillan Company,* 71 *pp.* $2.50. L.L.L.

THE IMAGE MERCHANTS. *By Irwin Ross.* This author's abilities are well known to readers of AMERICAN BUSINESS. His article on United Hatworkers—an excellent reporting job—appeared in the October 1959 issue. This book about the technique of public relations gives evidence of the same thorough reporting and lively writing. However, the subtitle —"The Fabulous World of Public Relations"—is somewhat misleading. According to Mr. Ross, public relations is not "fabulous"; it is a serious business designed to fill a need. Although the book succeeds in its purpose to acquaint the general public with the facts of PR life, many executives could profitably re-examine their own company's internal and external "image" by reading it. *Doubleday & Co., Inc.* 288 *pp.* $4.50. R.J.

HOW WERE THINGS AT THE OFFICE? *By Wright Everett.* Jack Paar may have started the fad of putting up-to-date captions on "stills" from old movies, but Wright Everett has made a specialty of coupling the "stills" with the cliches and phrases heard in modern offices. The result is a hilarious picture book. Ten years of working in advertising and sales have made the author an authority on office chitchat.

All the sacred cows of officedom have been given a hotfoot in print. We have three favorite captions: (1) An elegant gent in a white wig and costume of the George Washington era, with a chest full of medals and a hard glint in his eye, is saying, "I don't care *what* I promised you at the Christmas party . . ." (2) Proving that office collections can get out of hand is the subject of a photo of a tightfisted man being beseeched by an intrepid female: "We're getting up a little collection for Miss Stansby. Her boy friend was injured in a sports-car rally." (3) Four huffy men are standing by a table covered with cards and poker chips. Their leader is telling an unhappy girl off: "Need I remind you, Miss Feeble, that there are company rules concerning the use of the girls' lounge."

Other readers will find equally appropriate captions in the collection. Each photo is printed on a separate page with the back of the sheet left blank. You may be tempted to clip a few pages out and leave them on certain desks. In any event, things at the office won't seem so grim as you chuckle over the poses and captions. *Simon and Schuster,* 630 *Fifth Ave., New York* 20, *N. Y.* $1.95. M.F.

This Month's Advertisers

American Tel. & Tel. Co. ..... 2nd Cover
Agency—N. W. Ayer & Son, Inc.

Burroughs Corporation ..... 4th Cover
Agency—Campbell-Ewald Company

Dartnell Corporation, The 20, 47

Haloid Xerox Inc. ..... 3rd Cover
Agency—Hutchins Advertising Co., Inc.

Management Control Charts Co. 45
Agency—Stern, Walter & Simmons, Inc.

Minnesota Mining & Manufacturing Co. 9
Agency—Erwin Wasey, Ruthrauff & Ryan

Moore Business Forms, Inc. 3
Agency—N. W. Ayer & Son, Inc.

Pitney-Bowes, Inc. 5
Agency—L. E. McGivena & Co., Inc.

Universal Shredder Company 45
Agency—Campbell-Williams Advertising

REPRESENTATIVES

Los Angeles 5, Calif.—BLANCHARD NICHOLS ASSOC., 633 S. Westmoreland Ave.
San Francisco 7, Calif.—BLANCHARD NICHOLS ASSOC., 900 3rd St., Suite 163
New York Telephone: Enterprise 6245

Briefly Noted

INDUSTRIAL MAN, BUSINESSMEN AND BUSINESS ORGANIZATIONS. *Edited by W. Lloyd Warner* and *Norman H. Martin.* Two social anthropologists who have specialized in business society and behavior have put together a book that will fascinate anybody at all interested in their subject. They have drawn on their own writings and those of many others (including a marvelously illustrative excerpt from a Marquand novel) to explain the managerial personality, goals, and tasks of management; social structure of a company; management ideologies; and other aspects of the life of an organization man. (William H. Whyte, Jr., is represented, of course!) *Harper & Brothers,* 580 *pp.* $6.50.

GUIDES FOR BUSINESS ANALYSIS AND PROFIT EVALUATION. *By Office of Distribution, Business and Defense Services Administration, U. S. Department of Commerce.* The foreword of this booklet sets the tone of an informative study: "The ability to analyze business operations through examination of accounting records is one of the requisites of good business management." This tone continues with brief discussions of operating and financial ratios, government statistics, and other management tools. A 12-page bibliography lists valuable sources of business data. *Superintendent of Documents, U. S. Government Printing Office,* 76 *pp.* $0.30.

A GUIDE TO SYSTEMATIC WAGE AND SALARY ADMINISTRATION. *By Robert D. Gray.* This is Bulletin Number 29, released by the Industrial Relations Section, California Institute of Technology. Scope of the bulletin is limited to an overall explanation of the philosophies and principles underlying justifiable, consistent, and systematic wage and salary administration. *California Institute of Technology, Pasadena, Calif.* 38 *pp.* $1.00.

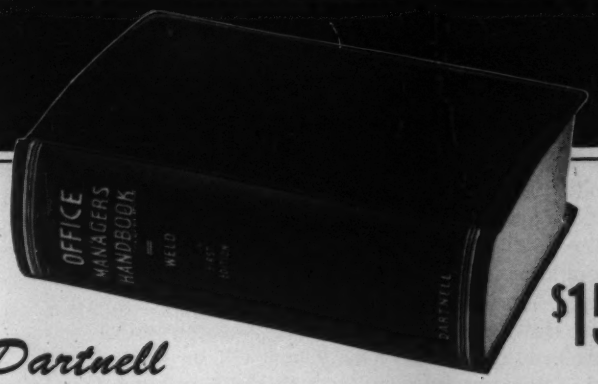
THE RELATIONSHIP OF THE RELATIVE IMPORTANCE OF FUNCTIONS TO SALARY LEVELS WITHIN A COMPANY. *By Jay L. Otis.* This is another special bulletin, Number 30, from the Industrial Relations Section, California Institute of Technology. The author, Director of Psychological Research Services, Western Reserve University, analyzes salary structures, methods of position classification in an academic study. *California Institute of Technology, Pasadena, Calif.* 27 *pp.* $1.00.

* * *

Art Credits

Page 11 ..... Berthold Tiedemann
Page 13 ..... Gregory Thornton
Page 29 ..... Ken Wesa

Now, in one volume — ALL OF THE IDEAS, INFORMATION, PRETESTED METHODS YOU NEED TO ANSWER ANY OFFICE MANAGEMENT QUESTION!



$15.00

The Dartnell

OFFICE MANAGER'S HANDBOOK

A complete and practical handbook for office supervisors

Every office supervisor will find this new handbook a compact and complete office management tool. It answers thousands of questions regarding every phase of office administration—recruiting and training, job analysis and compensation, cost control, office layout, new mechanization procedures, discipline, communications, vacations, credit unions—you name it, it's here. Scores of illustrations offer suggestions for bulletins, forms, organization charts, office manuals, and much more.

Carefully compiled and edited by The Dartnell Corporation, the valuable experiences of other supervisors like yourself are yours to share and profit from.

1,375 Pages—5 by 8 Inches—Flexible Covers—59 Sections—Illustrated and Indexed

SOME OF THE QUESTIONS ANSWERED IN THIS HANDBOOK

What are the eight basic steps to cost control?

How should I set up and operate a steno pool?

Can my company afford electronic data processing? What can it do for us?

What should be included in a good manual of office procedure? What should be left out?

What compensation are office executives getting these days?

Can I train office employees to write better letters? How?

In leasing office space, what factors must I consider?

How can mail costs be lowered?

What are the requirements of a good systems program?

GUARANTEED TO SATISFY or your money back!

AN APPROVAL ORDER

The Dartnell Corporation—Book Dept.
4664 Ravenswood Avenue
Chicago 40, Illinois

Please send a copy of the new OFFICE MANAGER'S HANDBOOK. If it doesn't fill the bill ($15, plus postage), I'll return it within 10 days for full credit.

☐ Bill us ☐ Check attached

Name

Title

Firm

Street

City Zone State

BUSINESS ON THE MARCH

The Oversold Sixties

The new decade was born with a handicap fatal to many rookies: It had been badly oversold. The optimistic seers didn't confine themselves to prognostications at the year end. For the last year and a half they had been heralding the "Golden Sixties—Bonanza Decade."

The 1960's indeed will bring a healthy growth in production, consumer income, and purchasing power. After all, every decade in our history—save the 1930's—has enjoyed such expansion. But the population explosion will not set off a happy economic boom.

What the 1960's will bring is a continuation of present growth trends. The years will be golden enough for companies sufficiently well managed to survive and grow in an increasingly competitive world. An increasingly essential ingredient for this kind of management will be the modern business machines and systems that will help control the really significant costs of doing business and substantially improve service to customers. For companies thus equipped, the 1960's may live up to advance notices.

Hard-to-Find Man

The ego, someone once wrote, is the ultimate corrupter of man. One who controls it has the strength of 10; for then, truly, his heart is pure. This may have been what Philip K. Wrigley had in mind when he told a recent interviewer, "My biggest trouble is finding people who say, 'I don't know.'"

Edsel's Lessons

The history of America's latest antique car, the Edsel, ought to chasten arrogant and audacious market researchers. But it won't. These soothsayers, examining the Nation through the wrong end of a telescope, saw a market that wasn't there and missed a market that was; one based on demand for a compact, economical car—unfinned, uncluttered with chrome.

Sampling, of course, is here to stay and has proved itself for centuries in the physical sciences. But a consumer has a mind to change, and frequently does. He is not only king but is a pretty capricious monarch with a habit of acting in accord to his own lights. Market research is here to stay, too. It will be more reliable when it relies less on mumbo-jumbo and more on combat intelligence obtained from front-line soldiers; i.e., the company's salesmen. What is your company doing to obtain and use such information?

No Changes Needed?

Professor John T. Dunlop, the Harvard economist who is helping draft long-term recommendations for resolving differences between Kaiser Steel and the union, sees no need for major changes in labor legislation. He dislikes government intervention, which he says cannot be impartial because "the very time and way the government intervenes has a tendency to favor one side or the other."

He believes that strikes play "a major affirmative role" in the collective bargaining process, and buttresses his case with evidence. It is easy to agree with the professor's complaint that the public relations approach to the steel strike succeeded in boiling it down to slogans, not issues. But it is much less easy to accept his tolerance of present legislation. The public has an interest in the clash of two monopolies like the steel industry and the steelworkers' union. Is it right to deny it a voice to define that interest and a hand with which to defend it?

That Gordon Report

Businessmen troubled by the dearth of management timber in their companies—of young men who can think straight, draw on a general fund of information, and contribute judgment and integrity to the firm—would do well to study the controversial "Gordon Report."

This document, produced by the Ford Foundation Study of Higher Education for Business, paints a dismal picture of business education in America and criticizes business schools on both the graduate and undergraduate level. It states that academic standards are too low, faculties poorly trained, and courses narrowly vocational.

The general softness of the undergraduate curriculum tends to attract students who are either repelled by hard work or incapable of it. Yet because of their trade-school training, these people find their way into companies anxious for employees who can be put right to work. Forgotten or ignored is the need for people who can build upon a broad base.

William H. Donaldson, left, Upjohn's assistant chief accountant in charge of data processing, points out to Ray T. Parfet Jr., center, vice-president, the high quality and contrast of a reduced-size xerographic copy of an original sales report held by Edward C. Ritsema, head of the duplicating department.

Upjohn Saves 8 Days a Month on Sales Reports to Field

The Upjohn Company, one of the country's leading pharmaceutical manufacturers, mails a sales analysis report to each of its salesmen monthly. Copies of the report are also sent to members of the company's sales management. Five or six copies of each report may be needed, a monthly total of approximately 17,000.

PUSH
THE BUTTON...
and copies flow!

The original reports are made up on a data-processing printer from the 50,000 tabulating cards air-expressed daily to Kalamazoo by the company's 18 branch sales offices. At the close of each month, every effort is made to get these reports reproduced and in the hands of the salesmen as quickly as possible.

Before Upjohn installed a XeroX® Copyflo® 11 continuous printer, it required an average of three or four hours by conventional copying methods for Upjohn's reproduction department to turn out the necessary copies for *just one* of the company's 18 branches.

Today, all is different, thanks to automatic xerography. Now, the same work is done in 14 minutes, and monthly sales reports are reaching the field six to eight days sooner than ever before.

Wherever low-cost, volume copying is the need, as at Upjohn, look first to automatic xerography for the happy solution. XeroX Copyflo continuous printers turn out dry, positive prints, ready for immediate use, at the rate of 20 linear feet a minute—an 8½"x11" print in less than three seconds. The printers also prepare inexpensive offset paper masters and vellum intermediates for use on offset and diazo-type duplicators, respectively.

Copyflo printers enlarge, reduce, or copy size to size. They offer the fastest, most flexible, most inexpensive way to get copies precisely like the original from microfilm or opaque documents.

Write for booklet X-287 for full details. HALOID XEROX INC., 60-84X Haloid St., Rochester 3, N. Y. Branches in principal U. S. and Canadian cities. *Overseas:* Rank-Xerox Ltd., London.

HALOID XEROX®

Burroughs Data Processing Input Equipment lowers accounts payable costs 40% for *COLUMBIA RECORDS*

Just eleven years ago, Columbia Records, a division of the Columbia Broadcasting System, Inc., pressed the original (LP) and triggered a sales curve that climbs higher and higher every year.

While the continuing upswing was sweet music to Columbia's ears, it struck a dissonant note in Accounts Payable. Namely: how to retain rigorous control over payments with an ever-increasing workload. Solution? Burroughs Accounting Machine to Punched Card equipment, a system that produces hard copy records and punched cards simultaneously. And the change paid off immediately.

As Controller W. G. Wilkins puts it, "Our Burroughs Data Processing Equipment turns out checks, vouchers and corresponding punched cards with great speed and accuracy. As a result, we have vital records and reports at our fingertips when we need them. Although our workload increased, Burroughs decreased our operating costs 40% on the Accounts Payable operation."

Astute management control hinges on split-second decisions—decisions that demand the most current figure-facts. Burroughs delivers them as they happen with equipment that ranges all the way from modern accounting machines through advanced electronic computer systems.

Get the facts firsthand. Call our nearby branch for a demonstration by a Burroughs Systems Counselor. Or write to Burroughs Corporation, Burroughs Division, Detroit 32, Mich.

Burroughs—TM

Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"